

AMERICAN JOINT DISTRIBUTION COMMITTEE  
Rue Du Mont-Blanc  
Geneva

*Gen. IRO*

CONFIDENTIAL

December 6, 1950

TO: Dr. Joseph J. Schwartz - AJDC - New York  
From: Mr. James P. Rice - AJDC - Geneva  
RE: Reparations

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I received some information on an/official and confidential basis, about the possibility of receiving new payments from Reparations Funds. The indirect source of this information is Abba Schwartz who, as you know, is sometimes sensitive about making reports about reparations possibilities until he is prepared to do so voluntarily. I therefore leave it to your judgment as to how you may approach Abba in this matter. On the other hand, it may be that you yourself are already au courant.

I have been informed that the U.S. State Department has agreed to turn over to IRO for reparations purposes the sum of 500,000,000 Italian Lira which of course would be divided on the usual 90% - 10% basis. (We do not know at this point whether the counter value of this sum will be deducted by the State Department and the other Allies from the amount which they presumably are still expecting the Swiss to pay.) This would mean for JDC the 36% of 500,000,000 Lira or 180,000,000 Lira. I was told that it may not be absolutely necessary for us to receive this sum in Lira if IRO found it possible to convert it on our behalf to other currencies. It is doubtful however that we could receive any of this ~~lira~~ in dollars since for its own purposes IRO is obtaining the Lira which it needs through its blocked sterling. It was further reported that Abba and Dave Rolbein are coming to Europe soon and will make final arrangements for the Italian loot.

How much is involved, no one seems to know as yet, and perhaps no one will know until such time as the various items are sorted out, converted, smelted, or sold as the case may be. However, it has been agreed that the division of the proceeds of the Italian loot will not be made on the usual 90% - 10% basis. Instead, 50% will be given to the Italian Government for aid to War orphans and 50% will go to IRO for reparations. This 50% in turn will be divided up with 50% for non Jewish agencies and 50% for the Jewish organizations. Presumably, we would divided with the Jewish Agency our share of the 50% of the IRO 50% on the usual 60 - 40 basis.

Another item which is probably only of nominal value which will be made available for IRO reparations is a quantity of watches, said to be two cases which are in possession of the military authorities in British Zone of Germany. One one knows what condition the watches will be in after

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a long period of storage, nor whether any part of them are gold watches in which case they would of course have certain intrinsic value. Presumably, what ever these watches may be worth will be divided on the usual 90% - 10% basis.

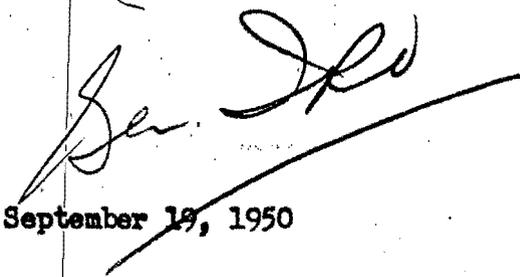
You will also be interested to know that IRO has decided that the non-Jewish organizations will no longer have the eligibility of recipients of reparations assistance checked by IRO itself. Instead after such cases have been cleared by the Berlin Control Center, the non-Jewish organizations themselves will have full responsibility for determining eligibility. Perhaps this point should be followed up further because as you know, up to now, the non-Jewish organizations have been able to spend their share of reparations only by adopting rather generous standards. Therefore, if any further substantial funds become available, we and the Jewish Agency had hoped that the non-Jewish organizations would find it difficult to spend their share and that in consequence we would ask either that the unspent portion of the 10% be turned over to the Jewish organizations, which is what Rudel wants, or as we have proposed, used to aid certain Jewish victims of the Nazis. If the non-Jewish organizations are to be given wide latitude in determining eligibility, they will probably have no difficulty in finding ways to spend the money. This will of course create further difficulties for the JDC and the JAFFP with the various Jewish claimants of reparations funds who feel that it is unfair that non-Jews receive substantial individual grants while they, the real victims of the Nazis, are refused.

James P. Rice

cc: Mr. M. W. Beckelman  
Mr. J. J. Jacobson

326157

ACCOUNTING LETTER 8401

  
September 19, 1950

TO: AJJDC - NEW YORK - Accounting Department  
FROM: AJDC - EHQ - Accounting Department  
RE: REPARATIONS AUDIT

I refer to your letter #1830/6736 of September 11, 1950. You will be interested to know that in the meantime we have received a letter from Louis C. Stephens, General Counsel of IRO, where he takes the position that although he understands the methods of our calculations of the dollar equivalent for the Swedish Kroner which IRO has allocated to us. However, he underlines that the correct Kroner amounts had been allocated to the AJDC and the JAFP on the basis of 40% and 60% respectively of the 90% portion, reserved for Jewish agencies.

He states, therefore, that there is no question of altering these allocations of Swedish Kroner. We, of course, fully agree with him that his position is correct. He mentions furthermore that in case JDC would insist on its dollar equivalent, it would mean that IRO would have to supplement by

\$ 182,000

the amount of Swedish Kroner contributed to the JDC. He writes,

"If IRO in its nominal dollar accounts used the smaller dollar sum attributed by JDC to the post devaluation payments our financial statements would reflect an underpayment to AJDC of its portion of the Swedish contribution. You will appreciate that such a discrepancy would not be permissible nor would it reflect the facts since AJDC will have realized its full portion of the Swedish kroner contribution."

In reply to this letter, Mr. Beckelman asked Mr. Stephens to advise us

- a) of the Swedish Kroner amount which has been paid to the Jewish Agency out of the Reparation Fund
- b) of the dollar amount which has been confirmed to IRO by the outside auditors of the Jewish Agency as being the equivalent of that Swedish Kroner payment
- c) and again asked for an explanation with reference to paragraph 5 of Mr. Bronsoma's letter of August 17th, copy of which is in your possession and in which it appears that IRO has applied the rate of 3.60 when charging us with the sum of

1,651,045.60 Swedish Kroner.

However, when crediting us with the same amount, they used the rate of 5.18.

So far, we have not received the reaction from Mr. Stephens. Our final decision will depend on his reply with reference to items (a) and (b) of Mr. Beckelman's letter to him.

It would mean, therefore, that in case the Jewish Agency has received the full equivalent of its 60% of the 90% portion and their outside auditors have agreed to IRO's method of calculating the dollar equivalents, we may also accept this procedure.

*Jan. JRO*

In reply please refer to  
Accounting Letter #1830/6736

September 11th, 1950

TO: AJDC - EUROPEAN HEADQUARTERS - ATT: MR. S. SHARGO  
FROM: AJJDC - NEW YORK  
RE: REPARATIONS AUDIT

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General Troper discussed already with me the problem of the evaluation of the Swedish Krowns, before I received your Accounting Letter #8323. I am also familiar with the rather queer letter you received from IRO, and with Mr. Beckelman's answer. Meanwhile, Mr. Weissman, of Loeb & Troper, might have shown you the answer the General sent him on September 6th, 1950.

I fully agree with you and Mr. Beckelman that the calculation IRO made for the conversion of the Swedish Krowns does not make sense at all.

As the General already told Mr. Weissman, we were cautious enough even before the devaluation of the Swedish Krown to ask Jimmy Rice for clarification with IRO to the effect that whatever amount of Swedish Krowns was still held in the IRO account could not be considered as remitted to JDC. If you refer to Paris Accounting Letter #52, which I sent on October 13 1949 to Geneva, you will see that we anticipated the trouble that is now arising. I definitely seem to remember that a few weeks later Jimmy Rice advised us that he had discussed the contents of my Accounting Letter #52 with the proper people at IRO and that they accepted our standpoint. I even think we got either the original or the copy of a letter from IRO confirming our view. A reference to this correspondence certainly would make IRO's new calculation completely untenable.

I am sure you will want to call Mr. Beckelman's attention to this correspondence of last year, which apparently had slipped his memory. A reference to it might very easily settle the entire controversy, especially if my memory is correct that we actually got a letter from IRO confirming our view.

Please find enclosed copy of Mr. Leavitt's letter to Mr. Abba P. Schwartz, of March 1st, 1949 which, according to my understanding, does not give the slightest basis for IRO's new interpretation of the situation. Mr. Leavitt wrote this letter it was assumed that the remittance of the entire amount of more than 7,000,000 Kr. would be effected within a very short time, and we certainly did not anticipate that the Swedish Riskban would raise all the difficulties that resulted in the payment of the Swedish Krowns in various long drawn-out installments.

Frederick Erubel

326159

March 1st, 1949

Mr. Abba P. Schwartz  
Special Consultant, Reparations  
International Refugee Organization  
1344 Connecticut Avenue, Suite 819  
Washington 6, D.C.

Dear Mr. Schwartz,

I hereby request you to transfer the balance of the Swedish Kroner reimbursable to the Joint Distribution Committee from Reparations to Account#2 with AB Svenska Handelsbanken, Stockholm, in the name of the American Joint Distribution Committee. As you know, these funds are due and payable to us in reimbursement of authorized expenditures made under approved Reparations projects. Full accountings of these expenditures are available to the IRO in Geneva on demand at our Paris headquarters. It is our intention to utilize these Swedish Kroner either for refugee work in Sweden or for the purchase of such relief supplies as may be permitted by the Swedish authorities.

Sincerely yours,

Moses A. Leavitt  
Executive Vice-Chairman

326160

*Gen. Ito*  
September 3rd, 1950

ACCOUNTING LETTER #8323

To: AJJDC - New York - Accounting Department  
From: AJDC - EHQ - Accounting Department  
Re: Reparations Audit from Inception through 3/31/50

I refer to our letter #8184 informing you that IRO has requested that Loeb & Troper certify in the form of a letter supplementary to their audit statement, the dollar equivalents for the totals of each currency received by us during the above-captioned period.

They submitted to us their equivalents for the purpose of comparison and certification. You also know from our letter that our dollar equivalents are in full agreement with IRO with the exception, however, of Swedish Kroners.

The sum of Sw. Kr. 16,850,962.26 appears on IRO books with the

Equivalent of . . . . .	.\$ 4,778,347.84
Whereas according to our calculations this equivalent should be.....	<u>4,596,095.26</u>
resulting in an overcharge to us by IRO of. . . . .	<u>\$ 185,252.58</u>

As Mr. A. Berkowitz advised you in his letter #8184, we have contacted Jimmy Rice with the request to get in touch with the IRO, and to obtain from them the full details as to the methods of their calculations.

I wish to add that our calculations were based on two rates of exchange:

- 1) 3.60 = \$1 for all the amounts we have received from IRO prior to the date of devaluation, and
- 2) 5.18 = \$1 for those received by us subsequent to this date.

Hence, we have applied the aforementioned rates of exchange to the following amounts:

A. <u>Receipts prior to September 1949</u>	
Sw. Kr. 15,850,962.26 - <u>rate 3.60</u> =	\$4,403,045.06
B. <u>Receipts subsequent to Sept. 18, 1949</u> ( <u>but prior to 3/31/50</u> )	
1) Sw. Krs. 500,000 - <u>rate 5.18</u> =	\$ 96,525.10 (on Oct. 22, 1949)
2) Sw. Kr. 500,000 (on Jan. 12, 1950) - <u>" 5.18</u> =	\$ 96,525.10
<hr/>	
GRAND TOTAL (Receipts prior to 3/31/50	
<u>Sw. Krs. 16,850,962.26</u> -	<u>\$4,596,095.26</u>

It would mean, therefore, that we are in full agreement with IRO - both in local currencies and dollar equivalents for the amounts received PRIOR to the date of

devaluation viz. Sw. Krs. 15,850,962.26 which, according to our and IRO's records have dollar equivalent of

\$4,403,045.96

Therefore, the difference of

\$182,252.58

originates from the different methods of conversion of the sum of

Sw. Krs. 2,151,045.60

remitted to us by IRO subsequent to the date of devaluation.

According to IRO records, this amount has \$ equivalent of

whereas our equivalent is  
Difference  
Less - correction by IRO

\$597,512.67  
415,259.76  
\$182,252.91  
.33  
\$182,252.58

I would like to underline, however, that out of this amount of

Sw. Krs. 2,151,045.60

remitted to us by IRO subsequent to devaluation, only Sw. Krs. 1,000,000 were received PRIOR to March 31, ~~1950~~ 1950 and the balance of

Sw. Krs. 1,151,045.60

reached us partly in July 1950 (1,000,000) and partly in August 1950 (151,045.60).

We have finally received IRO's reply (see copy of their letter #5335/2 attached hereto) in which they give a most surprising and illogical explanation. They mention that the reason for their charging us at 3.60 for the full JDC pro-rata share of Sw. Krs. 50,000,000 is due to the fact that:

"A request was received from Mr. Moses A. Leavitt, Executive Vice-Chairman of AJDC, dated 1st March 1949, addressed to Mr. A. P. Schwartz in Washington that IRO transfer the whole of the Swedish Kroner balance remaining available to AJDC to the AJDC Account No. 2 with A.B. Svenska Handelsbanken, Stockholm."

Unfortunately, the copy of this letter is not in our possession, and I would appreciate very much if you could airmail same to me as quickly as possible.

In paragraph 3 of their letter, IRO states, however:

"Due to certain exchange technicalities with regard to Swedish Kroner, the transfer to AJDC No. 2 Account did not take place."

I am quoting below Mr. Beckelman's reply to IRO with reference to these two paragraphs

- (1) Mr. Brönsema's letter indicates that the entire sum of approximately 18 million Swedish Kroner was charged to our account at the rate of Sw. Kr. 3.60 = \$1, even though substantial portions of this amount were only paid to JDC after the legal rate of exchange had been increased from Sw. Kr. 3.60 to Sw. Kr. 5.18 = \$1. The explanation given for this apparent anomaly is that on March 1, 1949, JDC requested that the entire balance of Swedish kroner to which it was entitled should be paid to it, and that at that date the legal rate of exchange was Sw.Kr. 3.60 = \$1.
- (2) The assumption would therefore seem to have been made by IRO that immediately upon their receipt of JDC's request the entire Swedish Kroner balance became available to JDC for its use. This is, however, not in accord with the facts. As I recall it, what took place at that time was that IRO in accordance with JDC's request asked the Swedish government to pay to JDC the entire balance to which JDC was entitled but that the Swedish government refused to do so until it had approved the transactions for which JDC intended to use the Swedish kroner in question. (This seems to me to be a more substantive matter than is implied by the phrase: "due to certain exchange technicalities with regard to Swedish Kroner" used in paragraph 3 of Mr. Bronsema's letter). In point of fact, the Swedish Government then approved certain payments in instalments as each phase of the transaction involved was licensed by it. Actual payments were made to JDC only after specific approval for each payment had been received from the Swedish government.

Under these circumstances, it seems to me inconsistent with the facts to record the payment of these Swedish Kroner on the books of IRO as though they had actually been "available" to JDC from the date of Mr. Leavitt's letter of March 14, 1949, and that it had been dilatoriness or negligence on the part of JDC which had resulted in the fact that when JDC was ready to use a certain portion of these kroner their dollar value ~~had~~ had become less than it was on the day that JDC requested that the money be paid to it."

I want to call your attention to a further anomaly in IRO's calculations:

As was mentioned before, they have charged us with the full amount of

Sw.Krs. 18,000,000 (plus Sw.Krs. 2,007.86 profit on exchange),  
the dollar equivalent of

\$5,000,557.74

However, in order to arrive at the sum of Sw. Krs. 16,850,962.26 which amount they have actually turned over to us PRIOR to March 31, 1950, and which is covered by the present audit, they exclude the part of

Sw.Krs. 1,151,045.60

which we received in July and August, by crediting this amount to our account. In order to arrive at the dollar equivalent for this amount, they apply some kind of

extraordinary mental equilibristics and credit us with the countervalue of dollars at the rate of

5.18

whereas they used

3.60

when charging us with the same amount. Hence, they double, so to say, their profit in dollars, with the results that the dollar difference on the full amount of

Sw. Krs. 18,002,007.86 or \$182,250.58

is the same as on

Sw. Krs. 16,850,962.26

We are expecting IRO's reply to Mr. Beckelman's letter of August 28th and as soon as received we will refer same to Loeb & Troper.

S. SHARGO

326164

COPY

Rubin and Schwartz  
1822 Jefferson Place, N. W.  
Washington 6, D. C.

JRC Files

MEMORANDUM

Subject: Refund of Customs Duty to IRO.

As you know, the IRO has brought into the United States a quantity of "non-monetary gold" and looted property for sale by the Merchandising Advisory Committee headed by Colonel Ray Kramer and by the Reparations Division of the IRO.

In accordance with the customs laws of the United States, duty was collected on all of this material brought into the United States. The amount involved in duty is approximately \$120,000. Attempts have been made from time to time by IRO to have an exemption granted by the Commissioner of Customs or to take other remedial action. These steps having failed, a bill has been introduced in the House and in the Senate calling for the refund of the amounts collected to the IRO. Some informal assistance with respect to this matter has been rendered by me.

The bill came up on the consent calendar of the House a week ago and was objected to and passed over. It came up again in the House under suspension of the rules on July 17 and was passed and sent to the Senate.

I am hopeful that the bill will pass the Senate at the present session. If it does, it will mean that another \$120,000 will be available for distribution to the JDC and the JA.

/s/ SJR.

Seymour J. Rubin

326165

AMERICAN JOINT DISTRIBUTION COMMITTEE

*Handwritten initials: J. J. R. D.*

119, RUE SAINT-DOMINIQUE

TELEPHONE

EUROPEAN EXECUTIVE  
COUNCIL

PARIS (7<sup>e</sup>)

87-83

INVALIDES } 87-55

79-37

CABLES & TELEGRAMS  
JOINTFUND-PARIS

*Handwritten initials: WTA*

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JUNE 8, 1950

To: Dr. Joseph J. Schwartz  
AJDC NEW YORK

I had a conversation with Mr. Hacking yesterday regarding a phase of the 10% Fund of the Reparations Fund which has been causing both us and IRO some concern. As you know, 10% of the proceeds from the liquidation of reparations assets were set aside under the terms of the Five Power Agreement for the "Rehabilitation and Resettlement of non-Jewish/<sup>1948</sup>Repatriable victims of Nazi persecution".

IRO has encountered considerable difficulty in the administration of this Fund for a variety of reasons. In the first place the number of non-Jewish persons eligible under the terms of the Reparations Agreement has apparently turned out to be smaller than was at first anticipated. Secondly, the non-Jewish organisations did not at the beginning vigorously pursue this program and did not submit projects to IRO for the utilisation of this Fund. In part this may have been due to the fact that Reparations Funds did not actually come into hand until 1948 and '49, and the smaller non-Jewish organisations were not in a position to finance reparations projects out of their own funds as did JDC. In consequence, when they did begin to submit projects the number of available persons who were eligible to benefit from them was even smaller than in 1946 when the Reparations Agreement was signed because in the intervening years many eligible non-Jewish refugees had been resettled in overseas countries. In the third place, (and this point is of course confidential) Mr. Hacking tells me that at the beginning IRO supervision of proposals put forward by the non-Jewish organisations was rather lax and in a number of cases non-Jewish organisations were simply authorised to pay out lump sum grants of \$1,000 each to eligible persons without too much consideration being given as to whether the use of this money was for the specific purposes set forth in the Reparations Agreement and the Five Power Letter of Instructions and whether the person receiving the grant would in fact be re-established thereby. This has now been remedied in that IRO is closely scrutinising each application for assistance from the 10% Fund, and Mr. Hacking says he is now satisfied that the amount of money given to any one person is related to reasonable proposals for his successful re-establishment. It is, however, a fact that because most of the eligible non-Jewish persons who did wish to emigrate overseas have already done so, most of the grants now being made out of the 10% Fund are to people in Western European countries like Sweden, France, Belgium and

2/.....

The Joint Distribution Committee receives its funds in the United States through the United Jewish Appeal. Outside of the United States, the Joint Distribution Committee has the active cooperation of the South African Jewish Appeal; United Jewish Relief Agencies, Canada; Central British Fund; Organizacion Central de Ayuda, Argentina; Comites Auxiliares do Joint, Brazil; United Jewish Overseas Relief Funds, Australia; Joint Relief Committee, Mexico; and others.

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Dr. Joseph J. Schwartz

June 8, 1950

Switzerland and are for the purpose of helping them to become self-supporting in these countries through a grant of money for the purpose of setting up in business or professions.

A consequence of this development has been that as news of these grants circulates in refugee circles, JDC offices, local Jewish relief organisations and IRO offices in the countries concerned receive applications from individual Jewish refugees who ask that similar grants be made to them. Although it is explained to them that that portion of the Reparations Fund available for the rehabilitation and resettlement of Jewish refugees has already been committed to JDC and JAFP and has, in fact, been overspent by them, many of them are left with the feeling that they have been discriminated against. IRO, according to Hacking, receives letters of complaint from individuals who say that JDC is refusing to give them the same assistance from Reparations Funds that local non-Jewish organisations in France and Switzerland give to non-Jewish refugees. Mr. Hacking said that though in each case IRO writes to explain the nature of the Reparations Fund and to point out that there having been so many more Jewish refugees than non-Jewish refugees, the latter are able in appropriate cases to obtain fairly substantial individual amounts whereas the funds available for Jewish refugees had to be spread over tens of thousands of cases, he personally was not satisfied that this was an entirely satisfactory answer to the individual. He said he had received several letters from Jewish refugees setting forth their circumstances and that they seem to him to be "very hard cases" and he wondered whether there was some way to help them.

His first suggestion was to ask whether JDC would be prepared to set aside some amount from the next payment it would receive from Reparations Fund, to be used for making individual grants in such "hardship cases". I explained to him that in the light of our present financial position this was entirely out of the question.

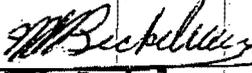
We then discussed the matter further and came out with the following proposal which Mr. Hacking said he would submit to IRO. IRO will write to the Five Powers to explain to them the difficulties now arising in the administration of the 10% Fund. It will be pointed out that under present circumstances there do not seem to be sufficient eligible non-Jewish applicants to exhaust the present balance of the 10% Fund. It will be pointed out that on the other hand the 90% available for Jewish eligibles has already been over spent but that there still remain a limited number of eligible Jewish refugees who could be re-established in their countries of present residence with grants for such purposes as the renting of offices, the purchase of equipment, etc. The Five Powers would then be asked to give their consent to have IRO administer the 10% Fund for the benefit of individual Jewish as well as non-Jewish eligible refugees. To avoid the necessity for changing that portion of the agreement which limited the amount to be paid to JDC and JAFP to 90% of the total Reparations proceeds, I said that so far as JDC was concerned we would not object to having any portion of the 10% Fund which might be made available to Jewish refugees administered outside of JDC auspices. On his side Mr. Hacking said that if the Five Powers accepted the proposal IRO would administer these funds through local Jewish relief organisations like the Mosaiska in Sweden or the Verband in Switzerland. I told Mr. Hacking that I could not of course speak for the

Dr. Joseph J. Schwartz

June 8, 1950

Jewish Agency on this point but I felt that the proposal we were discussing was a reasonable one and that I hoped the Jewish Agency would raise no objection. Mr. Hacking said he would keep me advised of developments with respect to this suggestion.

A by-product of our discussion was the information that IRO had been able to convert that portion of the 10% Fund which had been paid in Swedish Kroner into French Francs by selling Swedish Kroner to UNICEF for their operations in Sweden and obtaining in exchange French Francs from UNICEF surpluses in France. I propose to explore this possibility for the conversion of the balance of our own Swedish Kroner reparations assets.

  
M. W. Beckelman

MWB/fc

cc: Mr. J. Rice

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AMERICAN JOINT DISTRIBUTION COMMITTEE  
119 RUE ST. DOMINIQUE  
PARIS

326169

*Pen IRO*

June 8, 1950

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Dr./Schwartz  
AJDC New York

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IRO has encountered considerable difficulty in the administration of this Fund for a variety of reasons. In the first place the number of non-Jewish persons eligible under the terms of the Reparations Agreement has apparently turned out to be smaller than was at first anticipated. Secondly, the non-Jewish organizations did not at the beginning vigorously pursue this program and did not submit projects to IRO for the utilization of this Fund. In part this may have been due to the fact that Reparations Funds did not actually come into hand until 1948 and '49 and the smaller non-Jewish organizations were not in a position to finance reparations projects out of their own funds as did JDC. In consequence, when they did begin to submit projects the number of available persons who were eligible to benefit from them was even smaller than in 1946 when the Reparations Agreement was signed because in the intervening years many eligible non-Jewish refugees had been resettled in overseas countries. In the third place (and this point is of course confidential) Mr. Hacking tells me that at the beginning IRO supervision of proposals put forward by the non-Jewish organizations was rather lax and in a number of cases non-Jewish organizations were simply authorized to pay out lump sum grants of \$1,000 each to eligible persons without too much consideration being given as to whether the use of this money was for the specific purposes set forth in the Reparations Agreement and the Five Power Letter of Instructions and whether the person receiving the grant would in fact be re-established thereby. This has now been remedied in that IRO is closely scrutinizing each application for assistance from the 10% Fund, and Mr. Hacking says he is now satisfied that the amount of money given to any one person is related to reasonable proposals for his successful re-establishment. It is, however, a fact that because most of the eligible non-Jewish persons who did wish to emigrate overseas have already done so, most of the grants now being made out of the 10% Fund are to people in Western European countries like Sweden, France, Belgium and Switzerland and are for the purpose of helping them to become self-supporting in these countries through a grant of money for the purpose of setting up in business or professions.

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His first suggestion was to ask whether JDC would be prepared to set aside some amount from the next payment it would receive from Reparations Fund to be used for making individual grants in such "hardship cases." I explained to him that in the light of our present financial position this was entirely out of the question.

We then discussed the matter further and came out with the following proposal which Mr. Hacking said he would submit to IRO. IRO will write to the Five Powers to explain to them the difficulties now arising in the administration of the 10% Fund. It will be pointed out that under present circumstances there do not seem to be sufficient eligible non-Jewish applicants to exhaust the present balance of the 10% Fund. It will be pointed out that on the other hand the 90% available for Jewish eligibles has already been overspent but that there still remain a limited number of eligible Jewish refugees who could be reestablished in their countries of present residence with grants for such purposes as the renting of offices, the purchase of equipment, etc. The Five Powers would then be asked to give their consent to have IRO administer the 10% Fund for the benefit of individual Jewish as well as non-Jewish eligible refugees. To avoid the necessity for changing that portion of the agreement which limited the amount to be paid to JDC and JAFP to 90% of the total Reparations proceeds, I said that so far as JDC was concerned we would not object to having any portion of the 10% which might be made available to Jewish refugees administered outside of JDC auspices. On his side Mr. Hacking said that if the Five Powers accepted the proposal IRO would administer these funds through local Jewish relief organizations like the Mosaiska in Sweden or the Verband in Switzerland. I told Mr. Hacking that I could not of course speak for the Jewish Agency on this point but I felt that the proposal we were discussing was a reasonable one and that I hoped the Jewish Agency would raise no objection. Mr. Hacking said he would keep me advised of developments with respect to this suggestion.

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M. W. Beckelman

326170

*per JRC*

Personal and Confidential

April 5, 1950.

Dr. Joseph J. Schwartz  
A.J.D.C.  
Paris, France

Dear Joe:

Yesterday in Washington I saw George Warren who told me of the present status of the Italian loot. Edmunds, the British representative, has been adamant that none of that money is to go to the Reparations Fund, but to the general budget of IRO. The U.S. position has been that one cannot assign U.S. funds without Congressional appropriation and therefore by law the U.S. share of the loot would have to go back to the U.S. Treasury. Edmunds did not like that but nevertheless has refused to accept anything else. In a discussion George had with Edmunds and Kingsley while in Geneva, George suggested that perhaps the percentage arrangement between the Jewish and non-Jewish share might be revised in order to satisfy Edmunds who feels that this money ought to go to some of the other non-Jewish DPs. Edmunds jumped at that and said "Let's make it 50/50." George answered that that would be out of the question and he could not accept it. He told me what he had in mind was to go perhaps as low as 75/25 instead of 90/10. George said, however, that the problem is not that so much, but that the British Government feels they do not want the money to go to the Jewish Agency. They are prepared to have the JDC take it. Edmunds spoke of how well the JDC is organized, how clear and definite the reparation projects have been worked out, that he is satisfied with the JDC audit and that JDC is using the funds for the purpose they were given. However, he does not seem to feel that way about the Jewish Agency. George felt that, although Edmunds did not say so, by turning over the funds to the Jewish Agency, the Israeli Government was thereby relieved to that extent of using its own funds for immigrants and could use the equivalent amount of money to fight Great Britain.

George's personal proposal is that the U.S. suggest that 1) there be a distribution of the reparation share of 75/25 in favor of the Jewish organizations, if that is the best deal, although he would try to make it 80/20 if he could, and 2) these funds be turned over, in the main, not on the 60/40 arrangement between the JDC and JA, but perhaps on the basis of 75/25 or 80/20 in favor of the JDC, with a gentlemen's agreement between the JDC and JA that we would adjust the difference at a later time.

I told George I did not like the arrangement, but he pointed out that they are completely stymied if this drags on another year, when IRO goes out of business the High Commissioner as the successor agent may not be as sympathetic. The result may well

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be that all the funds would go to Italy and in any event, the million pounds in sterling notes which had been dangled before Britain as a bribe would probably also be returned to Great Britain and the Jewish organizations would be left in the cold. George said he had made the suggestion because he would like to see some funds go to the Jewish organizations. The total loot would come to about one million. Helbein is now in Rome trying to make an inventory without prejudice. You know that Ray Kramer of the Merchandising Committee has taken the position that the Committee would not concern itself with the liquidation of this loot unless he was assured that the funds would go to Reparations Funds and not to the general budget of IEO. If there is a million available, half will go to Italy for war orphans and the other half to Reparations Funds on a 75/25 basis which I said was the maximum concession we should make. That would mean about \$375,000 available for JDC and JA and whatever arrangements we make for getting these funds, we can of course work out with the JA later on.

Would you be good enough to discuss this with Nahum Goldmann when he comes to Paris and let me have your and his ideas as to whether we should proceed along those lines. George is very much concerned that unless we work out something like this, we won't get very far and apparently he feels a mistake had been made by offering Britain one million in sterling notes without having gotten an equivalent concession from Britain. The damage has however been done and England seems to be not too anxious to close the deal and is prepared to let it ride.

In connection with our talk today on Iraq, Burton Berry whom you may remember from Rumania, is now head of the Near East Division. He seems to be very friendly and anxious to be of help. However, in light of the messages received from the Baghdad Legation, the State Department is not prepared to press for a JEO or IEO representative to go in. I am enclosing a copy of the memorandum which Berry gave to me, giving the viewpoint of the Jewish Committee, some information from several Quakers who were in Baghdad and the views of the Iraqi Government. Berry feels that the only possible solution at the moment is an airlift from Iran and he is prepared to press Iran to say yes to it. The Iraqi Government is very much worried about having any obvious signs of the Jewish emigration out of Iraq since their own political position is rather shaky. The Opposition is likely to seize the leniency (!) to the Jews to attack the government and therefore they want the evacuation to be as inconspicuous as possible. The chances of a direct airlift from Baghdad to Lydda are indeed slim, but if anyone can work it out, Jim Wooten can. In any event, I asked Berry not to do anything until he heard from me again. Therefore, I would appreciate word from you whether you want me to press for the Iranian staging area or whether to hold off pending further developments. The problem of funds for this movement is not solved by any of these plans and I am looking forward to seeing your letter to Eddie about our budgetary position.

Sincerely yours,

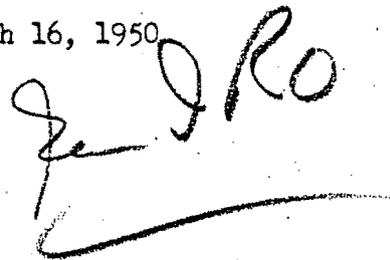
MAL:JO  
enc.

326172

RUBIN AND SCHWARTZ  
Attorneys at Law

1822 Jefferson Place, N.W.  
Washington, D.C.

March 16, 1950



Mr. Eli Rock  
Joint Distribution Committee, Inc.  
270 Madison Avenue  
New York 16, N.Y.

Re: Your Memorandum of March 15th  
Italian Loot

Dear Eli:

The British have indeed brought up once more the suggestion that the IRO 50% of the Italian loot go into IRO general funds. The State Department beat them down on this, and is fighting off the renewed effort of the British. At last report, the British were prepared to "concede" that the funds might be used for all Nazi persecutees - but not merely the categories of the Paris Five Power Agreement.

Warren is now battling this out with Edmunds, the British IRO man, in Geneva, while State takes the same line here. Abba Schwartz has been asked to come immediately to Geneva on this matter. So I am hopeful that it will be settled favorably and soon.

I also drafted a letter for Mr. Blaustein's signature on this, to Mr. Acheson. This is just to strengthen the State Department in its position.

Sincerely,

Seymour J. Rubin

326173

CONFIDENTIAL

Geneva, March 7, 1950  
Letter No. 947

To: Mr. M.W. Beckelman - AJDC Paris  
From: Mr. James P. Rice - AJDC Geneva  
Re: Reparations

In the next week or two, we shall be receiving our share of approximately 670,000 Swiss francs which the Banking House of Julius Bar in Zurich has been liquidating from the Austrian loot. I shall follow up on this matter.

I have heard from a confidential source that our old friend, Mr. Edmunds, has been proposing to the State Department that the Italian loot does not rightly belong to reparations. You will recall that it was supposed to have been decided that 50% of the estimated 10 to 15,000,000 dollars in Italian loot was to go to Reparations and 50% to aid Italian war orphans. Edmunds is said to be proposing that the 50% share should go to the IRO general fund rather than to reparations. For obvious reasons, it seems most unlikely that such a proposal would be accepted by the State Department, but nevertheless, I thought you should be aware of it and may wish to transmit this information to New York.

I shall try to discuss this informally with Mr. Warren who I am sure will not be sympathetic to Edmund's proposal.

James P. Rice

cc: Mr. J.J. Jacobson  
Mr. S. Shargo

326174

*g l h o*

February 21, 1950

To: AJDC GENEVA  
From: AJDC NEW YORK  
Re: Shanghai

Thanks for your letter #250a of February 14th. I agree with you that IRO's position is reasonable. The only difference between IRO and ourselves in that respect might be that IRO could use some of its money in helping people to reestablish themselves. In that case it might be argued that people who come to Israel with property would not require assistance in establishing themselves other than the cost of freight charges and shipping their property. You certainly are not off the beam and I hope my from a distance expressions akin to righteous indignation have not made you feel so.

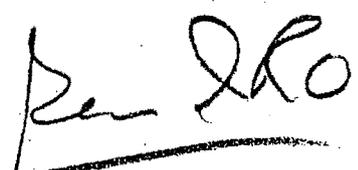
I am sending a copy of your letter to Cook Glassgold for his information, especially with respect to IROFE's limits of authority as to numbers and dollar amounts for which IRO will be responsible.

RP:P  
cc: ACG

Robert Pilpel  
Executive Assistant

326175

AMERICAN JOINT DISTRIBUTION COMMITTEE  
PARIS

  
February 21, 1950

Paris Letter No. 4016

To: AJDC NEW YORK

Mr. Rice has been informed by the U.S. legation in Berne that during the last week of January representations had been made to the Swiss Government by France, the U.S. and the U.K. asking for a further payment to the reparations funds of IRO from German assets in Switzerland of Sfrs. 14,600,000. (I understand the figure may not be exact).

Have you any information which would explain this further reduction in the amount requested from the Sfrs. 17,000,000, about which we had previously heard, to the present figure?

Will you also advise whether there is any further action which this headquarters or our office in Switzerland should take.

M. W. Beckelman

MWB/hf  
cc. J. Rice  
J. J. Jacobson

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AMERICAN JOINT DISTRIBUTION COMMITTEE

EUROPEAN EXECUTIVE  
COUNCIL

119, RUE SAINT-DOMINIQUE  
PARIS (7<sup>e</sup>)

TELEPHONE } 87-83  
INVALIDES } 87-55  
              } 79-37  
CABLES & TELEGRAMS  
JOINTFUND-PARIS

Paris Letter N°. 3764

December 29, 1949.

To: AJJDC, New York - Attention Mr. Eli Rock  
From: AJDC, Paris - General Counsel  
Re: Swiss-Polish Agreement

With further reference to my yesterday's letter on the above-mentioned subject I am enclosing copy of another report from Jimmy Rice which has just come in together with a copy of the IRO note to the Swiss on the Agreement with Poland.

Contrary to Jimmy's reaction the mistaken reference to AJC as AJDC can be serious if the Swiss Government is upset over the attempted pressure. Please let me know if Moe feels that this matter warrants correction, and if so I would ask Jimmy Rice to try to get Kingsley to send a note correcting this statement.

Jerome J. Jacobson  
General Counsel

JJJ:ele.  
encl.

326177

COPY

CONFIDENTIAL

Geneva December 22, 1949.

TO : Mr. Jerome J. Jacobson - AJDC Paris

FROM: Mr. James P. Rice - AJDC Geneva

RE : Swiss-Polish Agreement

I am enclosing a copy of the note sent by Mr. Kingsley to Mr. Zutter, with reference to the Swiss-Polish agreement.

You will see that the note is very much different than the one which Isenbergh had proposed. In fact, the final version signed by Mr. Kingsley is substantially the same as the proposed note submitted by Hacking. I mention this because I think the general tone of the note is not just what we had in mind.

In addition, on page 2, paragraph beginning "Les dispositions mentionnees au paragraph precedent ..." indicates Isenbergh as a member of our staff. This is not serious of course, but it certainly would have been better to keep the identification of the AJDC and AJC clearly separate. The sentence which follows is even worse because it refers to the demarche which was to be made by the Americans, the British and the French. As you know, Owsley had asked me to be particularly discreet about our advance knowledge of the Allies' plan to send a note. Even now, we do not know for sure whether the French note has been sent, although we think it has, and it is even more doubtful that the British participated. I had especially called to Hacking's attention Owsley's request that we be discreet about the planned demarches of the Allies, and he had promised me on December 16 that the IRO note would not mention the Allied notes. Nevertheless there it is.

Perhaps we should not belabor this point too much. The important thing is that IRO is on record, but it is unfortunate that their note is less effective than it might have been.

James P. Rice.

Addendum.

Dr. Brunschwig just informwd me today that the Swiss Polish agreement was approved by the Parliament today. A few deputies did make the point about using heirless assets for refugees, but no one paid too much attention, because no party group was actually opposed to the bill.

cc: Mr. M. W. Beckelman  
Mr. S. Mayer  
Mr. M. Isenbergh - American Jewish Committee  
Dr. Liban - World Jewish Congress  
Mr. S. Adler - Rudel - JAFP

326178

Translated copy

December 20, 1949.

To Mr. Zutter  
Minister plenipotentiary  
Chief of the section of  
International organizations  
Political Department  
B e r n .

Your Excellency:

I have the honour to inform you that my attention has been called to the problems created in Switzerland by heirless successions of the victims of Nazi persecution in Germany, Austria and other countries.

One of the provisions of Article VIII of the final Act of the Paris Conference, signed on December 21, 1945, foresaw that the governments of the neutral countries would be invited to make available the involved assets and that these assets would serve to assist the surviving victims who did not wish to be repatriated.

This question has been the object of demarches with your Government by the French Government in the sense foreseen by Article VIII of the above-mentioned agreement. But, already on May 26, 1946 when financial negotiations took place in Washington between the Swiss Delegation and the Allied, Mr. Walter Stucki, Head of the Swiss delegation had confirmed, in a letter attached to the agreement reached between the parties, that the Swiss Government would consider sympathetically to undertake the necessary measures in order to make available to the three Allied Governments the amount of heirless properties in Switzerland, for the purpose to assist the surviving victims.

~~Subsequently~~

Confirming their intentions, your Government, however, wrote on September 8, 1946 to the French Embassy at Bern requesting:

- a.- to be informed of the steps taken in the Allied countries to discover the heirless successions and of the provisions taken to make them available for assistance to the victims of Nazi reign;
- B.- to receive communication of the information which the Allied Governments might have at their end, as to properties of similar nature which might be in Switzerland.

The AJDC, one of the organizations entrusted, according to the terms of Article VIII of the Final Act, with the gestion of the funds accruing from the settlement of heirless successions, just informs me that an agreement is said to have been reached between the Polish Government and your Government on June 25, 1949. According to the information which has been furnished me, it is contemplated to take a portion of the properties having belonged to persons of Polish origin and which is now heirless in Switzerland, for the funds mentioned in the said agreement.

The provisions mentioned in the preceding paragraph are said to have been discussed on October 15, 1949 between Dr. Felix Schnyder of the "Swiss Political Department" and Mr. Isenberg of AJC (in the original letter it was wrongly stated AJDC). On the other hand, I believe that they have been the object of a demarche with your Government by the American British and French Governments acting in behalf of the signatories of the Final Act of the Agreement of June 14, 1946.

326179

/.....

I would appreciate it very much if you would kindly let me know whether the information I have received are founded. I would particularly appreciate knowing whether the heirless properties which belonged to persons of Polish origin (properties to be used to form a portion of the funds mentioned in the Agreement between the Federal Government and the Polish Government) are properties of persons deceased following Nazi persecutions to whom the provisions of the Final Act and of the Agreement of June 14, 1946 are to be applied.

I want to express the hope that the Federal Government will confirm the intentions they have expressed and will consider favourably the possibility of taken measures to make available to the three Allied Governments the heirless properties mentioned in the Final Act. If, however, a portion of the above mentioned properties should be affected to some other purpose, I venture to hope that the Federal Government, in order to carry out the provisions of the Final Act, will consider the possibility to undertake as quickly as possible the identification and liquidation of the remaining properties, which having belonged to persons deceased following Nazi persecutions, are now heirless in Switzerland.

Sincerely yours

signed

J. Donald Kingsley  
Director General of  
The International Refugees Organization

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You were sent a catalog of the diamonds to be sold via sealed bids. The diamonds were placed on view at the United Nations building for ten days. About 110 prospective buyers viewed the stones. Bids, received from 33 firms, were opened on September 15th. The range of bids was extreme; i.e., from \$98 to \$551 per carat on one stone. Bids for the gem stones were in general satisfactory. Bids for the "roses" (chips to the layman) were far below estimates. We are informed that there is only a nominal market for these stones in the United States. We rejected all bids on a number of lots and subsequently sold those lots for 5% above the highest sealed bid offer for each lot rejected. There were 15 bidders who were awarded lots. Total receipts including those from diamonds sold subsequent to the sale, i.e. \$227,000 were about 10% below our estimates.

The second Parke-Bernet sale was held September 14th to 18th. The merchandise offered at this sale differed from that offered in the previous sale in that we offered no loose gems and had few expensive pieces of jewelry and no snuff boxes of importance. We included some rugs for the first time. Receipts were \$127,000 which were about 10% below estimates.

An auction was held of silver, rugs and small lots of jewelry at the Freeman Galleries in Philadelphia from September 27th to October 1st. Sales for the first four days were \$30,824.

We will hold an auction of about 800 machine-made and oriental rugs at the Sofia Warehouse, 61 Street and 9th Avenue, October 20th. The rugs will be on display there from October 18 to 19th. Catalogs will be mailed to you. I urge all the retail members to have their rug buyers at their New York buying offices see these rugs and if possible bid on them. Subsequent sales of rugs will be held in November and December.

An auction will be held at the Parke-Bernet Galleries beginning October 30th.

Bids on the coins held by the Committee will be opened on October 19th. You have been sent a catalog of this sale.

You will note from the financial statement that ~~\$~~300,000 was sent to the I.R.O. in September. Payments to I.R.O. now total \$600,000.

R. C. KRAMER

326183

MEMORANDUM

August 29, 1948

To: Dr. J. J. Schwartz, Chairman

Subject: Liquidation of Swedish Kroner.

The following is a report of my conversations to date with various U.S. Military Biscuit and PCIRO officials on the possibilities of their utilizing our Swedish Kroner. These conversations took place in Frankfurt, Heidelberg, Bad Nauheim and Geneva during the last three days when I was travelling in connection with JASO activities.

I. - U.S. MILITARY COUNTRIES

A. Quartermaster (saw Col. Van Waggoner, Mr. O'Shea and Mr. Dussay).

The U.S. Army quartermaster purchases in the Scandinavian countries various dairy products for use by troops in the U.S. Zone of Germany. Purchases are made under the provisions of an army circular entitled SOP 75 Part II, which provides that purchases made by the army in liberated and neutral countries shall be paid for in dollars and shall be purchased as a result of negotiations between the U.S. Army and the government of the liberated or neutral country (e.g., the Army does not purchase directly from a Swedish wholesaler; it asks the Swedish government for a commodity and the government then finds the wholesaler for the Army, etc.).

There is a possibility, under SOP Part II, for the Army to use currencies other than dollars for purchases in Scandinavian countries, but this would require direct approval of the Secretary of the Army. Quartermaster officials suggest that this permission has never to their knowledge been given in the past.

B. Army Exchange Service (AES) (saw Col. Bech, Chief of Operations, and Col. Spalding, Chief Finance Officer).

The Army Exchange Service is an organization separate from the Army for purposes of purchases, and is not limited by SOP 75 Part II. Unfortunately however, AES officials have advised me that AES has ceased all purchases in the Scandinavian countries. In answer to my question they said they could not resume such purchases, particularly since the Scandinavian countries don't want to sell to the AES, even for dollars. --- I can hardly believe this, but this is what I was told.

II. - JEIA. (Saw Mr. Logan, Comptroller, Mr. Denny, Chief counsel and Mr. French, Chief of Operations).

JEIA is the financing agency for Biscuits in Germany. Unfortunately JEIA officials state that all JEIA purchases in European countries are financed through offset accounts. They state that European countries and particularly the Scandinavian countries, have been complaining bitterly about this arrangement, and have repeatedly asked for dollars for some purchases. Thus far JEIA has been able to hold the line. JEIA says that while she could undoubtedly use our Kroner to make purchases, this would be a departure from the use of the offset accounts, and would work to the disadvantage of JEIA in connection with future dealing with Scandinavian countries.

326184

*Je JRO*

AMERICAN JOINT DISTRIBUTION COMMITTEE

119, RUE SAINT-DOMINIQUE

PARIS (7)

August 30, 1948

Paris Letter No. 1514

To: AJDC - New York

Attention: Mr. Moses A. Leavitt

From: AJDC - Paris

Dear Sirs:

In connection with our telephone conversation regarding utilization of Swedish kroner for the purchase of army supplies in Scandinavian countries, I am enclosing herewith a full report on the subject, by Joel Fisher.

We here will naturally undertake every possible step to have these kroner utilized for purchases by IRO. On the other hand, I think that Joel has a point which you may have overlooked, namely, that the Reparations agreement speaks of dollar payments and therefore the U.S. government might feel under some obligation to take these kroner off our hands and give us dollars. I know that this is not as easy as it sounds, but you might wish to discuss it in Washington when an opportunity arises.

/s/ Joseph J. Schwartz

encl.

326185

MEMORANDUM

August 29, 1948

To: Dr. J. J. Schwartz, Chairman

Subject: Liquidation of Swedish Kroner.

The following is a report of my conversations to date with various U.S. Military Biscuit and PCIRO officials on the possibilities of their utilizing our Swedish Kroner. These conversations took place in Frankfurt, Heidelberg, Bad Nauheim and Geneva during the last three days when I was travelling in connection with JRSO activities.

I. - U.S. Military Grounds

A. Quartermaster (saw Col. Van Waggoner, Mr. O'Shea and Mr. Bussay).

The U.S. Army quartermaster purchases in the Scandinavian countries various dairy products for use by troops in the U.S. Zone of Germany. Purchases are made under the provisions of an army circular entitled SOP 75 Part II, which provides that purchases made by the army in liberated and neutral countries shall be paid for in dollars and shall be purchased as a result of negotiations between the U.S. Army and the government of the liberated or neutral country (e.g., the Army does not purchase directly from a Swedish wholesaler; it asks the Swedish government for a commodity and the government then finds the wholesaler for the Army, etc.).

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XII. - IRO (Saw General Hardigg and Brigadier Greenlade).

As background information it is to be noted that IRO purchases foods and turns them over to the German economy. IRO later requisitions food from the German economy in the various local areas. Therefore IRO is not too interested in quality of food, etc.

I talked at length to General Hardigg, IRO Chief of Supply and Transport, and learned:-

- a) IRO has already purchased her milk and cheese requirements for this half year. She will shortly be purchasing her milk and cheese for the second half of the year, which begins on January 1, 1949.
- b) IRO's powdered milk requirements for the second half, beginning January 1, 1949, are about 1,000 metric tons, for which she will pay about 1 million dollars.
- c) IRO's cheese requirements for the second half are about 1,000 metric tons.
- d) If we can meet the price on cheese and milk in the Swedish market using the Swedish Kroner, Hardigg will in effect buy from us. He urges that we try in the first instance for 500 tons of milk and 500 tons of cheese, and let him know what we work out.
- e) Hardigg agrees to the principle that IRO should not make money on the JRC and therefore will pay us in exactly the same currencies he would use to buy milk and cheese. This might include some sterling and guilder and I assume the rest in dollars, although I took it easy on this point until we see what we can do.
- f) I think the first move is for us to find the best price in Swedish or Norwegian powdered milk and cheese in quantities of 500 metric tons each and advise Hardigg of this price. At the same time Abba should begin to push the Swedes for import licenses for these quantities.
- g) Hardigg tells me he is going to be selling surplus trucks on the French market and hopes to get about 17,000,000 francs therefrom. I told him we might be willing to take the francs in exchange for Swedish Kroner at the free market cross rate of 106 to one U.S. dollar. I did, of course, state that we would make no commitments, but would see the situation on the day it occurs.
- h) I think the big thing to report about Hardigg is that he is willing to help. I believe I succeeded in convincing him that it is IRO's duty to help us in this as much as possible. I happened to use the expression that "things look impossible". That did it. The old boy leaped to attention, lectured me for about 10 minutes on how nothing is impossible, and ended up by saying he would try to do something.

XIII. - The U.S. Government action to clear the account.

I do want to invite attention to the possibility of asking Treasury and State to concur in asking the Comptroller and the Treasurer of the U.S. to accept our Swedish Kroner in exchange for dollars. You will note that the December, 1945 LARA agreement speaks of a fund of "\$25 million dollars" (Para. B. of Article VIII.)

I do not think it is stretching government responsibility too much to ask the U.S. Government to see that an agreement it signed is carried out. This can be done in two forms; first to ask the Swedes to pay in dollars. This was done and without success (Cy Rubin for the U.S. Government and Abba Schwartz for the IRO). The next move is, I believe, to ask the U.S. Government to clear the account for us. I don't think this has been tried and it must be done. I think we've got an excellent case in that a U.S. Government delegate has signed the agreement. Secondly, it is such a small sum, and thirdly, from what I can remember of U.S. Comptrollers' rules, there is no legal prohibition. Certainly the funds could be used to support U.S. Legations, etc. in Sweden, for a short while. I believe New York should try pushing this through.

Summary

I suggest that New York try to push through on Part IV above at the same time as we proceed on Part III -- purchases of milk and cheese in the Scandinavian countries. I think there are great difficulties in getting Secretary of Army approval mentioned I.A., and we can put use our U.S. efforts on Part IV.

Joel R. Fisher  
General Counsel

JHF

Non-Monetary Gold									
DATE	WHERE REC'D		REF		AMOUNT				
2/48	U.S.		C/R 13177		260,000 -				
4/48	Engl	£ 15140	JR 456		60,933 60				
5/48	U.S.		O/R 13578	(TOTAL RECD 300,000 - OF WHICH N-M gold co →	89,268 -				
11/48	U.S.		C/R 14347		200,000 -				
TOTAL NON-MONETARY GOLD REC'D IN 1948					610,201 60				

STANDARD BANK OF NEW YORK  
139 West 40th Street  
New York 18, N.Y.

January 1, 1975

... before we cancelled at the first of the month because the all  
... contract was made for a quantity of silver. \$25,000 was paid at the signing  
... of the contract. It soon became apparent that the buyer would have  
... difficulty in taking up the contract but in October he made payment of  
\$100,000 against which \$20,000 of silver was delivered. He was then  
unable to complete the contract and we held \$5,000 of his money.

The same syndicate contracted to buy a large quantity of gold,  
emeralds and metal watches and again deposited \$25,000. They took delivery  
of and paid for the emeralds and metal watches, but for various reasons  
could not take delivery of the gold watches.

... thus held \$70,000 of cash (\$45,000 from silver and \$25,000 from  
watches). A settlement has been entered into whereby we will deliver  
silver of our restriction to an agreed upon value of \$55,000 in complete  
fulfillment of their contracts and retain as a forfeiture \$15,000.

The contract was entered into in January for the sale of the gold  
watches at a price above, at a slight increase in price above that at  
which they were previously sold and a deposit of \$1,000 was received.

326189

The buyer was unable to complete the contract and forfeited the \$5,000. The watches were again resold in February at a still higher price and a letter of credit in payment therefor secured. The total price is to be determined by an assay of the gold in London. The watches have been shipped and we are now awaiting the assayers' report. No commissions were paid on any of the above transactions. It is interesting that the forfeitures by buyers, of deposits amounting to \$20,000 are several times the amount of the out-of-pocket expense directly incurred by the Committee.

Price, Waterhouse & Co. began the audit of the Committee's books on March 3, 1949.

The following letter was received from Hamilton Tuck, Director-General of the International Refugee Organization:

"Dear Colonel Kramer:

On behalf of the International Refugee Organization, I wish to express our sincere congratulations and deep appreciation for the accomplishment of yourself and your Committee in reaching a total of \$1,000,000 transferred to the IRO, from the sale of looted non-monetary gold.

We are bringing the excellent work of the Inter-Chairmans Advisory Committee to the attention of the General Council of the IRO when they meet in March, and I am sure that they will wish to add their commendations.

Your substantial assistance in this most humanitarian programme is deeply appreciated.

Yours sincerely,  
 (s) HAMILTON TUCK  
 Director-General

326190

The Cash Report as of March 4, 1949 is as follows:

CASH BALANCE (1-31-49)		\$ 73,162.53
CASH RECEIVED:		
Silver Scrap	347,122.51	
Platinum Scrap	1,399.87	
Gold Scrap	178.12	
Kunde Auction	17,061.19	
Damaged Rugs	<u>213.50</u>	
Total Received	366,305.19	<u>66,305.19</u>
		139,467.72
CASH DISBURSED:		
Office Expense	26.58	
Travel Expense	61.00	
To Geneva	<u>100,000.00</u>	
Total Disbursed	100,087.58	<u>100,087.58</u>
		39,380.14
CASH BALANCE (3/4/49)		

The \$100,000 remitted to Geneva on March 2, makes the total payments to date \$1,100,000.

R. C. FORTNER  
Chairman

International Refugee Organization  
(Geneva, Switzerland)

19 January 1949

The Honorable  
The Secretary of State  
Washington, D. C.

Dear Mr. Secretary:

I have the honor to refer to a matter of extreme interest to the International Refugee Organization concerning deposits of looted property in Italy which I believe should be made available for the rehabilitation and resettlement of surviving victims of Nazi persecution.

It has come to my attention that substantial amounts of personal property which was looted by the Germans from victims was picked up by the United States Fifth Army in Italy and is presently stored in safe-keeping in the Bank of Italy in Rome. It appears that the victims from whom the property was stolen were mostly Jews who had fled with their belongings from Trieste and Eastern Europe, or who had transferred their property to Italy to prevent its seizure. It also appears that the property is very similar to the non-monetary gold which the Government of the United States transferred to the International Refugee Organization, as successor to the Intergovernmental Committee on Refugees, under the Joint Chiefs of Staff "Non-Monetary Gold Directive" pursuant to Article 8 of the Final Act of the Paris Conference on Reparation and the Five-Power Agreement of June 14, 1946.

I am, of course, aware that the "non-monetary gold provisions" of Article 8 and the Five-Power Agreement applied to Germany, liberally interpreted by the Government of the United States to include Austria, and not to Italy; but the considerations which prompted allocation of valuable personal property looted by the Nazis from victims and discovered in Germany and Austria apply equally to similar property even though it was uncovered in Italy.

One of several methods might be adopted to accomplish the purpose of allocating this loot to assist persecutees. I should like to propose that the property be turned over to the International Refugee Organization, since we have successfully and speedily liquidated in the United States a great portion of the non-monetary gold which the Government of the United States turned over in Germany and Austria; and it would be most expedient to take advantage of our established procedure and organization to secure speedy liquidation. Since the property appears to have been looted principally from Jewish victims, a division of the proceeds upon liquidation for assistance to Jewish and non-Jewish victims could be formulated, taking into account the approximate portion which was looted from each group. The general scheme of allocation of funds upon submission of approved projects as outlined in Article 8 and the Five-Power Agreement might also be adopted.

326192

Since this matter has very recently come to my attention, I would be grateful if the Department of State were to discuss it with the International Refugee Organization representatives in Washington, in my absence.

I earnestly hope that you will give favorable consideration to this proposal, since the International Refugee Organization is anxious to extend the greatest possible assistance to the greatest number of victims of Nazi persecution.

Sincerely yours,

W. Hallam Tuck  
Director General  
International Refugee Organization

326193

COPY

THE AMERICAN JEWISH COMMITTEE

386 Fourth Avenue

New York 16, N. Y.



January 28, 1949

CONFIDENTIAL

Dear Boris:

Enclosed please find a copy of Mr. Tuck's letter of January 19 to the Secretary of State, on refugee assets in Italy. It follows the lines of the proposal we made to the Department of State. We obtained this document on a strictly confidential basis.

Cordially,

Eugene Hevesi

Mr. Boris M. Joffe, JDC  
270 Madison Avenue  
New York 16, N. Y.

EH:rs  
Enc.

326194

United States Office

INTERNATIONAL REFUGEE ORGANIZATION  
(Geneva, Switzerland)

19 January 1949

The Honorable  
The Secretary of State  
Washington, D. C.

Dear Mr. Secretary:

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326195

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Sincerely yours,

W. Hallam Tuck  
Director General  
International Refugee Organization

326196

Pen & RO

November 29, 1949

MEMORANDUM

From: Eli Rock

To: Messrs. Maurice W. Bokstein  
Eugene Hevesi  
Hehemiah Robinson

As you know, the representatives of our organizations in Paris met with Mr. Kingsley recently to urge that the IFO make official and pressing representations to the Swiss regarding the heirless property question in that country. I am now sending you attached copy of a self-explanatory letter which I have received from our Mr. Jacobson on this subject, and I call your attention to the two specific recommendations made by Mr. Jacobson regarding action by the four organizations in this country. Both in connection with these questions and the question of the Equalization of Burdens Law, I believe it would be advisable if we could have a meeting within the near future. Assuming you agree, we shall be calling you in a few days to set the date.

Eli Rock

ER:AU  
Enc.

326197

for file

AMERICAN JOINT DISTRIBUTION COMMITTEE  
PARIS

Paris Letter No. 3618

November 23, 1949

To: AJJDC, NEW YORK - Attention Mr. Eli Rock  
From: AJDC, Paris - General Counsel  
Re: Meeting with Kingsley in Paris November 22, 1949

Dear Eli:

I am enclosing a copy of my memorandum to Dr. Schwartz regarding our discussion in Paris with Kingsley.

I feel satisfied with the way in which the conversations went particularly since he was open and frank in his discussion with us as we in turn were with him. I will be able to inform you next week of what plans he develops. I would assume that if he is prepared to make strong representations, then it would be on the basis of having arrived at an agreed approach with the State Department and, perhaps, the Foreign Office. I think it would be all to the good for the organizations to continue pressing the State Department for active support even if Kingsley's proposals are favourable. Certainly if they are not, it is all the more indicated that we should press the State Department to in turn pressure Kingsley.

Incidentally I want to allude to a suggestion I made to Maurice Boukstein when he was here. As you doubtless know from Isenbergh's report to the Committee, the Swiss gave us an abrupt brush off by writing Moose and saying that they would prefer that we addressed ourselves to the Swiss Jewish community with whom they are in contact and discussion on the problem. I feel that in view of the JAFF's and JDC's interest in this problem stemming from the Five Power Agreement and the fact that the Swiss Jewish community as such has no real or direct interest in this matter, that the four organizations should address a strong letter of objection to the Swiss pointing out the inappropriateness of the letter to Isenbergh. I think Maurice has received a copy of the letter in question by now.

Sincerely yours,

Jerome J. Jacobson  
General Counsel

JJJ:ele  
Encl.

326198

November 22, 1949.

To: DR. JOSEPH J. SCHWARTZ  
From: Jerome J. Jacobson  
Re: Meeting with Kingsley regarding IRO representations to the Swiss Government.

In our exchange of cables with New York we found that since the four organizations were unable to contact Mr. Kingsley in sufficient time to raise the question of having IRO make representations to the Swiss Government under the Five Power Agreement for the turning over of heirless assets, we undertook to contact Kingsley directly for a possible meeting in Paris on his way back to Geneva. He wired back his availability and suggested he would visit our offices, which he did today.

Isenbergh and Dr. Riegner of the World Jewish Congress were present but, unfortunately, we were unable to locate anyone to represent the Jewish Agency.

I reviewed our entire experience with the Swiss, explaining all the details of the manner in which the Swiss handled the representatives of the four organizations. Our request in accordance with the views of the four organizations in New York was to the effect that IRO should become involved in the question making representations to the Swiss to observe the recommendations of the Five Power Agreement with regard to all heirless property including that of Polish origin. We pointed out to him the difficulty of timing which was obviously involved in view of the apparent readiness of the Swiss to accede to a request for payment of the balance of the reparation funds allocated by the Powers. At the same time we explained to him that our request with respect to heirless assets generally could not be delayed very long because the Swiss Polish accord (without revealing the private arrangements dealing with heirless property which are incorporated in an exchange of letters) would be coming up soon for ratification by the Swiss Parliament and, moreover, the Swiss Jewish community had already received indication from the Swiss Department on Foreign Affairs that other governments notably Rumania and Czechoslovakia were requesting equally favourable treatments from Switzerland for the heirless and unclaimed assets of their nationals.

Mr. Kingsley expressed full and sympathetic understanding of our problem and indicated his definite willingness to take some action in the matter. He said he wanted to think it over with some of his staff in Geneva in order to work out problems of timing, tactics and so on, but that in no event did he intend delaying the matter and that he will be able to advise us next Tuesday or Wednesday as to the course he had worked out. He rightly pointed out that he would want to discuss co-ordination with the U.S. representatives and probably with the British and French as well.

In our discussions we very carefully though pointedly alluded to the problem of keeping Kuhlmann out of this issue, because we feel that his loyalty would be divided at the very least. Kingsley was very helpful in this aspect of discussion by speaking frankly mentioning Kuhlmann by name, saying that he agreed with our concern, did not as a rule feel that a task of pressing on government should be assumed by one of its nationals and that in any event he would work out the technique of keeping Kuhlmann out of this problem. He even volunteered the statement that the division in his household on this subject would be broader than Kuhlmann alone, but he was interested in finding an active and effective IRO approach to our problem and would advise us as indicated. He told us to call him in Geneva.

Jerome J. Jacobson

JJJ:ele.  
cc: Mr. Eli Rock, Mr. J. Rice

326199

*500/100*  
*Nov 26*  
*Ken IRO*

November 24, 1949.

ACCOUNTING LETTER #6680

TO: DR. JOSEPH J. SCHWARTZ AND MISS E. MORRISSEY  
FROM: FREDERICK GRUBEL AND JEROME JACOBSON  
RE: REPARATIONS AUDIT

*see out of  
letter 249/268  
9 NW 29-29  
J*

You might remember that after the conclusion of the March 22, 1949 audit report of the Reparations accounts, General Troper suggested that we close the Reparations accounts as of March 22, 1949. He further suggested, and I think everybody concerned agreed, that all the old records relating to the books that were closed as of March 22, 1949, should be sent to New York.

The closing of the old books and the opening of the new books was done but before we actually ship the records, it was thought prudent to put IRO on notice that we are going to do this and that, of course, these books and records will always be available in the archives of AJDC New York. Mr. Rice advised IRO of this intention and asked them whether they have any objections against this procedure. We now received a memorandum from Mr. Rice of November 15, 1949, a copy of which was sent to Dr. Schwartz directly from Geneva (we are herewith enclosing another copy for the New York file). As you see from this memorandum, IRO does not want us to ship yet the old records to New York and they would prefer to have the Reparations transactions that took place during the period from March 23 through December 31, 1949 audited by Loeb & Troper. They then would like to present the entire Reparations accounting leading up to December 31, 1949, together with a Loeb & Troper certificate, to their proper bodies for approval. Only after such approval would they be inclined to agree with us on shipping the records to New York.

Up to now, we did not get a formal written request from IRO with regard to this supplementary audit.

We have discussed this situation with Messrs. Gorsey and Berkowitz and have also spoken by telephone with Mr. Rice. The situation appears to us as follows: In our opinion, two procedures will exist as a possible means of satisfying the IRO's request.

- (a) To supersede the previous certificate given and issue a new one covering the full period from the inception of the Reparations projects through December 31, 1949.

326200

*91535  
M*

November 24, 1949.

- (b) To devise some form of supplemental certificate to cover the intervening period from the date of the last certificate to the end of the year.

All parties to the discussion feel strongly the preference for the second alternative principally because it is considered generally unwise to re-open the audit which has already been accepted. On the other hand, Mr. Gorsey suggests that the problem of issuing the supplemental certificate be cleared with General Troper in the light of the fact that Loeb & Troper will request a confirmation from IRO as of December 31, 1949 and such confirmations are usually in the form of account stated as at a certain date, which in this case would be December 31, 1949. We assume that you will discuss this matter with General Troper and he will undoubtedly have some ideas of phrasing the confirmation request which might overcome the difficulty and nevertheless avoid superceding the March 22nd report and which will make possible the issuance of only the supplemental report and certificate.

We would like to know whether we should ask Mr. Rice to demand a written audit request if such request is not received within the next few days. Only after a written request will be received, we suggest that the necessary audit be made. We assume that at that time, we will also have your and General Troper's instructions as to which one of the two alternatives for audit report and certificate should be chosen. Furthermore, we suggest that some time in December, a meeting, as informal as possible, should be arranged between Mr. Benson and most probably a representative of Peat, Marwick and Mitchel on one side and Mr. Gorsey and ourselves accompanied, of course, by Mr. Rice, on the other side.

We would tell Mr. Rice to present this prospective meeting as a purely technical accounting and auditing affair during which we only would like to tell the IRO people (as an accomplished fact) which kind of audit and certificate it is planned to give them as of December 31, 1949. This meeting seems necessary in order to avoid any kind of argument about the supplemental report and certificate after it will have been rendered.

Meanwhile, we, in this Headquarters, are taking the following steps: We have received and we shall receive within the next few days and weeks, additional reports from Holland and Norway, the only two countries where there are still active Reparations projects under way. Since March 23, 1949, we only presented one billing to IRO Reparations and that was for \$10,380.94 for IP Housing in Norway up to September 30, 1949, and we certainly will be able to present bills for another few thousand dollars for the balance of the year 1949 for the Norwegian project and for the Children and IP Housing projects in Holland. The audit, therefore, will only have to deal with these few items and, of course, with the receipts.

Under these circumstances it seems to be possible and feasible to talk about the scope and certificate of the supplemental audit towards the end of this year and it will not be necessary to wait with such a discussion until every single figure is in from Holland and Norway.

326201

November 24, 1949.

To sum up, we should like to have your instructions on the following procedures:

- (a) Should Mr. Rice request a written demand for the supplemental audit or should he wait until such demand is mailed by IRO?
- (b) Do you and does General Troper prefer to have the audit and the certificate in the form of a supplement or would you like to have the December 31, 1949 audit incorporate the results of the March 22, 1949 audit and, therefore, have the December 31, 1949 certificate cover the entire period of Reparations transactions from its inception up to December 31, 1949?
- (c) Do you agree with our taking the initiative for a technical accounting and auditing conference with IRO and Peat, Marwick and Mitchel some time during the later part of December 1949 and after the receipt of a formal audit request?

  
JEROME J. JACOBSON

FREDERICK GRUBEL

FG/JJJ/sh  
Encl.

326202

Jan JRO

November 16, 1949

Letter No. 3018

To: AJDC PARIS - Attention Mr. Jerome J. Jacobson

From: AJDC NEW YORK

Re: Looted Assets in Bank of Italy

I assume that you are generally familiar with the question of the "non-monetary gold" located in the vaults of the Bank of Italy and that you have been in touch with Moose Isenbergh on the matter. In any case, I am sending you attached two recent memoranda which I have prepared, summarizing recent developments which have been called to our attention here. I would appreciate receiving from you any news which you may have picked up on your side of the ocean in this connection.

Elia Rock  
Counsel, AJDC

ER:AU  
Enc.

326203

Jan 2 RO

Eli Rock

Horas A. Levitt

November 16,

49

CONFIDENTIAL

Italian Non-Monetary Gold

Supplementing my memorandum of November 8th, I have now received the following communication from Sy Rubin in answer to my request for some additional light on this whole subject:

"The basic reason for State's reluctance to spread the information on this widely is its preference for putting this deal in the context of relations with IRO rather than with the Jewish agencies concerned. The reasons back of this reason are somewhat difficult to trace; but they exist.

"The basic fact is that the property in question was captured from the Germans by the Fifth Army; it is in the Bank of Italy, under the joint custodianship of the British and American Embassies. The deal is to return about one billion pounds sterling, much of which may be counterfeit, to the British, in effect to buy their release of the remainder; and to turn the rest over to IRO, to be liquidated in New York or elsewhere, as with other non-monetary "gold". The proceeds would be split between IRO and an organization handling Italian war orphans. The amount involved is indeterminate."

ERIAU

cc. RSM  
EHL  
JNJ

326204

Jan IRO

November 16, 1949

Seymour J. Rubin, Esq.  
1822 Jefferson Place, N.W.  
Washington 6, D. C.

Dear Sy:

This will acknowledge your note of November 11, 1949, giving us additional information on the looted property in Italy. I did not call you on Monday because, for the time being at least, your letter answers the questions which were bothering me. For one thing, I had gotten the impression that the IRO would have to take its share in lira, and this made no sense at all. There were other questions revolving around the necessity for returning all of the pound sterling to the British, particularly if some of this might have belonged to the Jews, and also questions in connection with the necessity for a 50% split with the Italians. However, I believe I understand the considerations which operated to weaken the position of the IRO (and the Jewish organizations) in this situation.

In any case, thanks loads for the information, and we look forward to hearing from you or Gene as further developments take place.

Sincerely yours,

Eli Ruck

ER:AU

326205

INTERNATIONAL REFUGEE  
ORGANIZATION

Palais Wilson  
Rue des Paquis  
GENEVE

REF. NO. 122/1

30th September 1949

Dear Jimmy,

Confirming our conversation yesterday evening on the Allied/Swiss negotiations, I am now writing to summarize the position as Dr. Kullmann and I were informed of it by Minister Stucki in Berne on Wednesday.

Minister Stucki said that he would be willing to recommend payment of a further advance of Sw. Frs. 30,000,000 which would complete the payment of Sw. Frs. 50,000,000 envisaged under Article V of the Annex to the Washington Accord as soon as there was agreement on the substance and on the interpretation of the Washington Accord and on the bilateral negotiations concerning Intercustodial Conflicts. Minister Stucki said that the Sw. Frs. 30,000,000 would be paid by the Swiss Government as an advance on liquidation and would not await the liquidation itself. He regarded this payment as having priority over any payments to be made under the Washington Accord to the Allied Reparations Agency.

You will note that Minister Stucki mentioned only the possibility of payment of the full Sw. Frs. 30,000,000. He did not by any implication indicate that he was aware of the possibility of the smaller request. I have written to Mr. Schwartz already asking him for some information on the basis for making a smaller request which was bound up with the possibility of obtaining a complimentary sum in Portuguese escudos.

Minister Stucki told us that the outstanding differences between the Swiss and the Allies were concerning: -

- (a) Rates of exchange for the compensation of the German holders of assets in Switzerland.
- (b) The question of liquidation and compensation in Western Zone banks of holders of German assets in Switzerland resident in the Eastern Zone of Germany or in those parts that transferred de facto into other countries after the war.
- (c) The question of Intercustodial Conflicts which was to be regulated by bilateral negotiations between the Swiss Government and the other governments interested separately.

This last point was in Minister Stucki's view likely to cause the more considerable delay. It seemed to Minister Stucki that the bilateral negotiations were likely to be completed in time for the Allied/Swiss negotiations to be resumed about the beginning of December this year. The American Government had, however, taken the position that it wished to pass the Bilateral Agreement

326206

through Congress in spite of the fact that the overall Washington Accord had not been passed through Congress. If the American Government continued to take this line then the Swiss Government would be forced to pass the Bilateral Agreement through the Swiss Parliament also. Both these Parliamentary procedures would be lengthy and it seemed to Minister Stucki that the longer the matter was delayed the more likelihood there would be of effective opposition in the Swiss Parliament. If everything went well, however, and parliamentary procedures were not followed, then Minister Stucki expected to be able to make some payment this year.

We are proposing to discuss these matters with Mr. Warren when he is in Geneva next week and we believe that Mr. Kingsley should pursue them through Mr. Thorp and the State Department when he is in the United States in November. Meanwhile, I have written to Mr. Schwartz asking for further information on the American attitude.

Yours sincerely,

L. M. Hacking  
Division of Mandate and  
Reparations

Mr. J. Rice  
16 Rue du Mont Blanc  
Geneva

RUBIN AND SCHWARTZ  
Attorneys at Law

1822 Jefferson Place, N.W.  
Washington, D.C.

October 14, 1949

*Jerry IRO*

Mr. Eli Rock  
Joint Distribution Committee, Inc.  
270 Madison Avenue  
New York, New York

Dear Eli:

I have your letter of October 12 and the enclosures thereto.

The situation described in Jerry Jacobson's memorandum of October 7 and its enclosures had already become known to me through an IRO source. Abba Schwartz, who once more has been requested to act in an advisory capacity for the IRO, had been informed of the meeting with Stucki shortly thereafter. Abba and Colonel Dick, Acting Head of the Washington Office of the IRO, called on Willard Thorp to discuss the meeting with him and to urge that the United States, the United Kingdom and France file an immediate request with the Swiss for payment of at least some 17 million Swiss francs. The IRO memorandum which was left with Mr. Thorp pointed out that the figure of 14 million Swiss francs previously mentioned in IRO communications to the Allied Governments now, in view of Portuguese devaluation, had to be raised by some \$600,000. The IRO memorandum also mentioned that there had been discussions in Bern, that there was some prospect that the Swiss might respond favorably to an Allied request if such a request were made, and that in any case the IRO-Stucki discussions in Bern had made clear that no delay would result from the presentation of such an Allied request. In addition, if such a request were presented now and the Swiss did not respond favorably, the matter would be at the head of the agenda for the next Swiss-Allied meeting and the Allied position would have been firmly and irreversibly established.

Mr. Thorp's response was favorable and he instructed Ed Adams who was at the meeting to prepare a note addressed to the British and French Governments requesting that they join in the formulation and presentation of such a request to the Swiss. During the subsequent discussions, Adams revealed that, pursuant to promises previously made by Covey Oliver both to me on behalf of the Committee and to Abba on behalf of the IRO, a request had been addressed last August to the British asking them to join in the proposed request to the Swiss. I am now informed that the note to the British and French governments renewing the previous United States suggestion and urging its immediate adoption has been drafted and sent.

I am not sure that the request will be addressed to the Swiss, but the prospects do look fairly good. The attitude of the United States is, of course, clear. Last summer, during the negotiations here in Washington, I had a personal promise from DePanafieu, head of the French Delegation, that the French would go along with such a request and word from the State Department was that the French had so officially stated. As far as the British are concerned, Hector McNeil promised Dr. Nahum Goldmann sometime ago that the British would also go along. If the request is addressed to the Swiss, there is a strong

326208

chance that they will say that any further advances will have to await the outcome of the Swiss-Allied negotiations. However, Stucki indicated that postponement of the renewed negotiations was being made not because of any difficulty with the United States, but because the Swiss were having trouble with the Danes and Belgians. If this is so, the Swiss cannot reasonably postpone both the Allied-Swiss discussions which might settle questions outstanding between them and at the same time refuse to make a further advance, on request, until discussions which they themselves are postponing are held.

I would be more than mildly optimistic about this matter were it not for the fact that the Swiss have not hesitated to use any issue as a lever with which to work on the Allies, particularly the United States. Stucki's entirely inappropriate remarks, for example, with respect to whether or not an inter-custodial agreement in the United States has to be submitted to Congress, and his incredibly inane suggestion that Switzerland could not be "less democratic than the United States" are indications of the reasons for such pessimism as I have. Stucki obviously did not hesitate to suggest that IRO get into issues which are completely irrelevant to it and beyond either its jurisdiction or its competence in order to put pressure on the United States via the humanitarian channel. I have some fear that once an Allied request is made, the matter will cease to be a humanitarian issue but will be something that the Swiss will feel inclined to trade. On the other hand, I do not see any other way in which we can persuade them in view of the evident unwillingness of the Swiss to make a further advance merely on the request of the IRO.

Sincerely yours,

Seymour J. Rubin

cc: Dr. Hevesi  
Mr. Wolfsohn  
Mr. Isenbergh

326209

RUBIN AND SCHWARTZ  
ATTORNEYS AT LAW  
1822 Jefferson Place, N.W.  
Washington 6, D.C.

October 3, 1949

GEN. & ENCL.

Dr. Eugene Hevesi  
The American Jewish Committee  
386 Fourth Avenue  
New York, N.Y.

Subject: German Assets in Portugal

Dear Eugene:

As a result of several conversations with officers of the Department of State, I have learned:

1. The Portuguese have now rather indignantly rejected the Aide-Memoire presented to them by the British on behalf of the three Allied Governments asking for settlement of the "looted gold issue." As you will recall, an agreement on German assets was initialed in Lisbon some two years ago. This agreement provides for the payment of 100 million escudos, now, under devaluation, amounting to about \$3,400,000, to the IRO for distribution principally to the JDC and the Jewish Agency. Implementation of this agreement has been held up pending settlement of the gold problem.

2. The rejection of the latest Allied approach on the ground of extreme poverty of Portugal leaves the State Department with no very clear idea of where to go from here. In addition, the State Department has dispersed most of its personnel who have worked on this and similar problems with the result that a fixed policy is not likely to emerge sua sponte.

It is my intention to press vigorously once more for immediate implementation of the IRO commitment in the Portuguese-Allied Accord on German Assets. I believe that the hiatus which has been created at present may be usefully employed for the purpose of advancing the cause of this payment. It might be argued to the Portuguese that payment to the IRO affords a possibility of demonstrating that their rejection of the Allied gold note is in fact based on principle and on high standards of morality rather than on a crass desire to hang on to whatever foreign exchange assets they have. On the Allied side, it may be hoped that the hiatus will afford an opportunity for reexamination leading to the conclusion that something should be obtained at present in view of the obvious impossibility of obtaining a gold settlement.

Sincerely yours,

s/ Sy  
Seymour J. Rubin

CC: Mr. Wolfsohn  
Mr. Isenbergh

Dr. Gray  
Judge Forman  
Dr. Slawson  
Mr. Rock

326210

*Per IRO*

September 30th, 1949

Letter No. 2855

To: AJDC PARIS - Attention Mr. Jerome J. Jacobson

From: AJDC NEW YORK

Re: Nazi looted diamonds

This will refer to your letter No. 3382 of September 15, 1949, with reference to the above question.

Following receipt of your telegram and letter, I spoke to Abba Schwartz by telephone and received the following information and suggestions:

- 1) The sale of the diamonds in Germany has definitely been staved off and it would seem quite clear at this stage that no matter what happens eventually to the diamonds, they will not be sold in Germany for the Germans.
- 2) Both the State Department and Mr. McCloy have already been spoken to by the IRO on the question, and the matter is being followed up by that organization.
- 3) In spite of the above, a talk by Dr. Schwartz to McCloy and a letter from Eddie Warburg to McCloy, pointing out the JDC's interest in this matter and expressing the hope for a favorable decision, might be helpful. (In this connection, Mos Leavitt, before he left, suggested that the first approach should be made with McCloy in Europe, and that after that has been done and we have been advised accordingly we can take up again the question of a letter from Warburg to McCloy.)
- 4) Abba pointed out that in addition to the possible interest of the Belgian diamond dealers set forth in your letter, there are other claimants and other complications. It was his feeling that the chances of the IRO's success at this stage are on the uncertain side but that they were doing everything possible and that in any event the danger of sale in Germany had been averted.
- 5) The total value of the diamonds is estimated to be from \$200,000 to \$500,000.

AMERICAN JOINT DISTRIBUTION COMMITTEE

119, RUE SAINT-DOMINIQUE

TELEPHONE

EUROPEAN EXECUTIVE  
COUNCIL

PARIS (7<sup>e</sup>)

INVALIDES } 87-83  
87-55  
79-37

CABLES & TELEGRAMS  
JOINTFUND-PARIS

September 15, 1949

Paris Letter No. 3382

To: AJDC NEW YORK - Attention Mr. Eli Rock

From: AJDC PARIS - General Counsel

Re: Nazi looted diamonds - Our Ref. OGC/REP/1

Further to my cable #641 of September 14, 1949, I want to call your attention to the very well prepared document which IRO issued on 1 July 1949, bearing the title "Claim of the International Refugee Organization to Diamonds looted by Nazis and recovered by the U.S. Military Authorities in Germany". The document itself presents a very well considered argument that the Germans commenced the war with an insufficiency of industrial diamonds to maintain their armament industry, that in order to do so in the course of the war they embarked upon a comprehensive policy of looting diamonds from persecutees, that documentary evidence reveals that the bulk of the diamonds looted came from persecuted Jews, and finally that the far too limited supply of diamonds found by the U.S. occupation authorities, in view of the magnitude of the looting, constitutes property similar to non-monetary gold and should accordingly be turned over to IRO under the Five-Power Agreement for distribution in accordance with the 90% : 10% formula.

There were 198 thousand carats of industrial diamonds at issue, and the question is succinctly stated in the opening paragraph of the IRO document as follows:

"The International Refugee Organization requests that the 198,000 carats of industrial diamonds recovered by the U.S. Military Authorities in Germany, which were the subject of the OMCUS (Berlin) press release of 30 April 1949, be made available to the IRO in accordance with the intent of Article 8, Part I, of the Final Act of the Paris Conference on Reparation, the Five-Power Agreement of 14 June 1946, and the Joint Chiefs of Staff Non-Monetary Gold Directive to Commanding Generals, USFET and USFA."

It also appears that a group of Belgian diamond dealers comprising the Federation of Belgian Diamond Exchanges, have laid claim to the diamonds as having been looted from them, and it was this claim which served as the basis upon which the OMCUS Public Information Office at Berlin issued its press release on 30 April 1949 rejecting the claim. Moreover, it is this press release that is referred to in the above opening paragraph cited from the IRO document.

The main portion of the press release undertakes to reject the Belgian claim on grounds that insufficient showing has been made to establish and identify these diamonds as the property of the Belgian group. The decision and statement appear

to have been made by a Mr. Orren R. McJunkins, Chief of the Reparations and Restitution Branch, Property Division, OMGUS. The really devastating portion of the OMGUS press release is the concluding two sentences which read as follows:

"Military Government has worked out a plan for disposal of the industrial diamonds by sale for use in the German economy in small lots to prevent flooding the market and at such prices as are established for current imports. Sale of these properties has already started."

It would seem inevitable from this that the entire IRO argument would be wiped out and remain only a moot question if while delay in consideration holds up any decision of the IRO request OMGUS in the interim disposes of the diamonds to German industrialists.

I immediately called Jimmy Rice in Geneva to ascertain what action IRO had taken with respect to this document and where it had been submitted. Jimmy had no definite information at hand but advised that he had received informal word that Dr. Kullman and Michael Hacking had contacted Mr. McJunkins for the purposes of asserting their claim, and had been told by McJunkins that this was a question for the State Department which he could not deal with. However, there was no clear indication that Jimmy Rice had received to the effect that the sale of diamonds indicated by the press release was suspended pending the outcome of a decision on the IRO request. I have asked Jimmy Rice to try to obtain more definite information on these questions.

However, in relationship to this whole matter a number of points suggest themselves which I think you should look into and discuss with Moe Leavitt.

- (1) Mr. McJunkins is obviously not the proper official to be dealing with an interpretation of the Five-Power Agreement since this matter is a question for the three powers designated to deal with outstanding problems under the Agreement. In any event, it is a matter for the State Department.
- (2) If it has not already been done, and Abba Schwartz would be the best source for furnishing the answer since I am told he was the principal draftsman of the IRO document, strong representations should be made to Mr. McCloy pointing out the nature of the problem, the IRO document and the interests of JDC and the JAFF, and requesting McCloy to freeze any further disposal of the diamonds pending a decision concerning their character and ownership under the Five-Power Agreement.
- (3) It occurs to me that we and the JAFF should vigorously associate ourselves with and support the position taken by IRO in this document. In this connection we ought to make formal representations to the State Department, the Foreign Office, and the Quai d'Orsay, associating ourselves with the IRO interpretation because we are principal beneficiaries and, in fact, insofar as the U.S. is concerned it was expected under the terms of the Ginsburg confidential report to the Secretary of State that the Jewish organizations designated under the Five-Power Agreement would assume initiative in looking out for their benefits insofar as the neutral countries were concerned, from which we should assume the application of the same principle to the contracting powers. In any event, we ought not to leave room for an impression that we are disinterested or unconcerned about these diamonds and that it is something which only IRO is pressing. I believe this point is weighty in view of the general U.S. apathy towards IRO.

We are, of course, ready to make representations to McGloy in connection with the freeze question, and I presume that if Moe Leavitt and you agree that we should make representations generally associating ourselves with the IRO claim, You will at the same time work out the State Department approach. It seems to me a matter in which the four organizations may validly present a united front.

Please advise me of the results of your discussions at the earliest opportunity.

Jerome J. Jacobson  
General Counsel

JJJ/hf  
cc: JJS  
MWB  
JR

326214

*James P. Rice*

Geneva, September 19, 1949

Letter No. P523

TO: Mr. M.W. Beckelman → AJDC @ Paris  
FROM: Mr. James P. Rice - AJDC - Geneva  
RE: Non-Monetary Gold

I note in your Paris letter No. 3393 of September 16 that you inform Mr. Leavitt that there is only \$50,000.00 in non-monetary gold out of the \$775,000.

I am sorry to say that the amount is only \$15,000. Apparently you misunderstood this when I explained it to you by phone. Obviously, this makes the whole affair even less interesting from our standpoint. On the other hand, it might still be worth while to discuss it informally with Abba, not only for possible future allocations from Italian loot, but in order to make sure that Abba is aware of how the gold might be used.

I am informed that most of the \$775,000 is in gold and silver numismatic and non-numismatic coins which are sold thru Julius Bar Co. in Zurich, presumably at the highest world market price.

In the meantime, I shall not request IRO to proceed with the liquidation until I receive further written instructions from you.

Incidentally, if the \$1,400,000 in diamonds are declared as part of reparations, would a direct transfer to Israel be interesting to us and the Jewish Agency, in view of the diamond industry established there?

I am sending a copy of this memorandum directly to Mr. Leavitt, so he will be aware of the misunderstanding about the \$15,000 instead of \$50,000 in non-monetary gold.

James P. Rice

cc: Mr. M.A. Leavitt  
Mr. J.J. Jacobson

326215

AMERICAN JOINT DISTRIBUTION COMMITTEE

EUROPEAN EXECUTIVE  
COUNCIL

119, RUE SAINT-DOMINIQUE

PARIS (7<sup>e</sup>)

TELEPHONE

87-83

INVAIABLES } 87-55

79-37

CABLES & TELEGRAMS

JOINT FUND-PARIS

GEN, *JRO*

September 16, 1949

Paris Letter No. 3393

To: Mr. Moses A. Leavitt  
AJDC NEW YORK

Re: Non-Monetary Gold

Hard on the heels of my letter 3383 of September 15th I write to advise you that the subject matter of that letter turns out to be something of a false alarm. According to recent information received from the Accounting Department of IRO, while it still remains true that the total amount of "non-monetary gold" in question is about \$775,000, only about \$50,000 of it is in gold bullion. Only the gold bullion comes into consideration for sale at better than \$35 an ounce (the rest of it is silver, gold coins and other valuables classified as "non monetary gold").

The possible difference on the sale of \$50,000 worth of bullion hardly seems worth (so far as our share is concerned, at least) raising any question of principle with the State Department or with IRO.

However, the suggestion made in my letter of September 15th may eventually merit further consideration if the present vague possibility of obtaining a substantial allocation to Reparations Funds from holdings in Italy should become real.

M. W. Beckelman

MWB/fc

cc: J. Jacobson  
J. Rice

# AMERICAN JOINT DISTRIBUTION COMMITTEE

119, RUE SAINT-DOMINIQUE

TELEPHONE

EUROPEAN EXECUTIVE  
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87-83  
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CABLES & TELEGRAMS  
JOINTFUND - PARIS

September 15, 1949

Paris Letter No. 3383

To: Mr. Moses A. Laavitt  
AJDC NEW YORK

Re: Non-Monetary Gold

Enclosed is a self explanatory letter from our Geneva Liaison office regarding the disposition of the non-monetary gold in Austria.

Dr. Schwartz tells me that consideration has previously been given to the disposition of non-monetary gold in markets outside the channels of the International Monetary Fund but that on these occasions in the past it has always been decided as a matter of policy not to do so.

We believe, however, that it would be worth reconsidering the question at this time and in connection with such conversations as you may have with friends in New York or Washington on the subject the following additional observations may be pertinent:

(1) The view attributed to Abba Schwartz that gold sold outside International Monetary Fund channels very frequently comes into possession of ex enemy nations is not concurred in by Monsieur Bigar who, as you know, has had considerable experience in gold dealings. He says that while it is true that the gold finally comes to rest outside the jurisdiction of the International Monetary Fund, it does not go to Germany, Austria or Italy.

(2) In line with Mr. Campbell's suggestion that the agencies benefiting from the reparations fund might have the gold turned over to them directly by IRO and then negotiate its sale themselves, it has been proposed that consideration be given to the possibility that Jewish Agency and JDC might offer their gold directly to the Government of Israel or ask the Government of Israel to negotiate its sale. This might raise the question of payment by the Government of Israel in Israeli pounds instead of dollars, but if JDC does embark upon a program in Israel this would constitute no inconvenience to us once a satisfactory rate had been established with the Israeli Government.

2/.....

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The Joint Distribution Committee receives its funds in the United States through the United Jewish Appeal. Outside of the United States, the Joint Distribution Committee has the active cooperation of the South African Jewish Appeal; United Jewish Relief Agencies, Canada; Central British Fund; Organizacion Central de Ayuda, Argentina; Comites Auxiliar do Joint, Brazil; United Jewish Overseas Relief Funds, Australia; Joint Relief Committee, Mexico; and others.

326217

AJDC NEW YORK

September 15, 1949

In any event it is our consensus here that IRO should not be pressed to sell the gold until the above proposals have been fully explored, and particularly because the recent rumours regarding a possible increase in the dollar rate for gold purchase may make it worth while to wait until one sees what comes of these rumours.

M. W. Beckelman.

MWB/fc

cc: Mr. J. Jacobson  
Mr. J. Rice

326218

For Immediate Action  
Assigned To:  
Eli Rock

*mat*  
*per IRO*

---

INCOMING CABLE  
FROM  
PARIS

Rec'd & Copied: 9/15/49

PSX698/14 ZP PARIS 66 14  
NLT JOINTDISCO NEW YORK

641 ROCK FROM JACOBSON ASSUME YOU FAMILIAR IRO DOCUMENT OF 1 JULY CLAIMING UNDER  
FIVE POWER AGREEMENT NAZI LOOTED DIAMONDS IN MILGOV POSSESSION DOCUMENT CITES OMGUS  
RELEASE 30 APRIL INDICATING OMGUS SELLING DIAMONDS STOP ONE CHECK ABBA TO ASCERTAIN  
IF ACTION TAKEN STOP SALES TWO IF NOT JDC OR IRO SHOULD PETITION MCCLOY FOR FREEZE  
PENDING CONSIDERATION IRO CLAIM PROPER LEVELS LETTER FOLLOWS

JOINTFUND

cc

326219

*See IRO*

ACCOUNTING LETTER #9590/7015

August 26, 1949

AJDC - EUROPEAN HEADQUARTERS - ACCOUNTING DEPARTMENT - FREDERICK GEURTEL

TO:

FROM: AJJDC - NEW YORK - ACCOUNTING DEPARTMENT

RE: NON-MONETARY GOLD

I refer to your Accounting Letter #5894 and particularly to the statement attached to the inter-office memorandum #5003/1 of July 15th addressed by Mr. Bronsena enclosed to the memorandum of Mr. Benson of IRO to Jimmy Rice.

We tried to reconcile the sum of \$835,815.93 shown as payment to AJDC with our records and we found that according to entries on our books total received by JDC from non-monetary gold was \$844,190.94 thus resulting in a difference of \$8,375.01 - <sup>over</sup> the amount shown by IRO. The individual entries recorded by us have been presented in the statement attached hereto.

Will you be kind enough to check back the records with IRO and advise us of the results. May I ask you in this connection to explain to us the nature of the remittance made by IRO to our Westminster Bank Account #1 the equivalent of the £ 320.10.2 appearing in the monthly report of our JDC London office for the month of June. Does this amount represent an equivalent of about 5,000 Swedish Crowns which I asked IRO to remit to our Westminster Bank Account #2 as a guinea pig transaction to determine whether or not the Bank of England will recognize the Swedish Crowns as a bona fide foreign currency item?

I would be glad to hear from you in the near future.

*[Signature]*  
E. SHARZO

SS:HF  
Enc.

326220

According to our records, we have received the following amounts of non-monetary gold from IRO from its inception to date:

<u>Date</u>	<u>Where Funds were Received</u>	<u>Local Currency Received</u>	<u>US\$ Equivalent</u>
<u>1948</u>			
February	U.S.A.	US\$ 260,000	260,000.00
April	England	£ 15,120	60,933.60
May	U.S.A.	US\$ 89,268	89,268.00
November	U.S.A.	US\$ 200,000	200,000.00
			<u>610,201.60</u>
<u>1949</u>			
April	U.S.A.	US\$ 125,623.10	125,623.10
June	U.S.A.	US\$ 10,742.	10,742.00
June	U.S.A.	US\$ 97,613.24	97,613.24
			<u>233,989.34</u>
		<b>Total Received by JDC</b>	<u><u>\$44,190.94</u></u>

Reconciliation:

Non-Monetary Gold received by JDC	\$844,190.94
IRO Non-Monetary Gold disbursement to JDC (per statement attached to Paris acct. #5894 of July 28, 1949)	835,815.93
	<hr/>

Difference to be accounted for  
(detailed unavailable in New York) \$ 8,375.01

8/25/49  
rk

Personal

August 9th, 1949.

Mr. George L. Warren  
Department of State  
Virginia Avenue and 21st Street  
Washington, D.C.

Dear George:

I am enclosing correspondence from the IRO and a schedule of the status of Non-Monetary Gold. There is one item on this schedule which is very disturbing. It is the item "Transfers to Liquidation Expense a/c - \$220,000. Do you have any ideas as to what that item consists of; why it was necessary to take that huge sum of money? There is also the problem of an amount of about \$30,000 for expenses in the liquidation of non-monetary gold. I know that Ray Kramer's committee in New York had no such expenditure and I am wondering whether the salaries of Abba Schwartz and other IRO personnel are not being charged to this account. I would appreciate your comments.

Sincerely yours,

Moore A. Leavitt

MAL:JO  
encls.

326222

AMERICAN JOINT DISTRIBUTION COMMITTEE  
119, Rue Saint-Dominique  
Paris 7E

*J. J. R.*  
July 28, 1949

ACCOUNTING LETTER #589A

TO: AJJDC - NEW YORK - MISS D.L.SPEISER AND MR. S. SHARGO

FROM: AJDC - EHQ - ACCOUNTING DEPARTMENT

RE: NON-MONETARY GOLD

We just received from IRO the accounting for the Non-Monetary Gold (NMG) Fund of the Reparations Fund as of June 30, 1949. We enclose copy of the statements, as well as the accompanying letters. Mr. Beckelman suggests that you might try to find out from our good friends on the merchandising committee in New York whether they cannot shed light on two rather disturbing items of the expense statement. The first item is the flat charge of \$220,000 for a transfer to the Liquidation Expense Account, for which no further explanation is given. Although there certainly were transportation and sales expenses incurred and legitimately charged against the proceeds, Mr. Beckelman feels that he never would have expected an expense as high as \$220,000 for these purposes.

Furthermore, you will see in Mr. Bensch's inter-office memo of July 15, that over and above the already set-up charge of \$220,000, an amount approaching \$30,000 was billed by IRO to the NMG Fund for reimbursable personal services. Do you think it possible that you could find out in New York which items entered into this payroll, after we see that Geneva states the impossibility of giving details? The special case in point is whether the \$30,000 included only the direct payroll of the people who inventoried, crated and shipped the non-monetary gold, or whether they also charged the Fund for some part of the salaries of Mr. Abba Schwartz and other officials of IRO who devoted part of their time to the non-monetary gold problems. The latter overhead charge certainly would not seem to be acceptable to JDC.

326223

Finally, we should like you to check the entire statement against JDC's books, and advise us whether they agree, or if there are discrepancies, of the amount of such differences and any possible reconciliation.

Since these Reparations accounts are Journal Ledger accounts kept in New York, I think it is much safer if you do the accounting analysis than if we do it on the basis of memorandum information kept at Headquarters.

---

FREDERICK GRUEEL

FG/bm  
Encl.

326224

G O P Y

INTER - OFFICE MEMORANDUM

5003/1

15th July, 1949

To: Mr. E. Benson,  
Division of Internal Audit.

From: Division of Financial Accounts.

Subjects: Reparations Fund - 30th June 1949.

In response to the request for information regarding present status of the Non-Monetary Gold Fund received from AJDC on 13th June 1949, we enclose herewith statement in duplicate of receipts and payments with respect to this Fund to 30th June 1949.

The following further points should, however, be noted:-

1. The amount of US \$ 96,715.50 received into the New York Liquidation Expense Account in respect of US Currency Notes validated by the US Treasury, is not included in the statement as this amount has never actually become available to IRO and has been used for meeting current expenses, such as customs duty, handling and freight charges.
2. The figures for realisation and liquidation expenses charged by IRO against the non-monetary gold account as requested in paragraph (d) of AJDC letter of 13th June 1949 only amount to the invoice rendered by IRO to Reparations Fund for reimbursable personal services, i.e. \$ 2,358.28. The IRO invoice of \$ 28,852 having been settled partly by cash paid out of the Liquidation Expense Account and partly by contra account is thus not reflected in the present statement as no account has been received of transactions on the Liquidation Expense Account since 30th June 1948.

It is thus not possible to give any details of actual expense incurred in the realisation and liquidation of Non-Monetary Gold.

RS/AEN

A. J. Bronsema  
for Director, Division of Financial Accounts  
Office of the Comptroller.

Encl.

326225

cc File 5003/1/Float/Chron.

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C

MERCHANDISING ADVISORY COMMITTEE  
TO THE  
PREPARATORY COMMISSION  
INTERNATIONAL REFUGEE ORGANIZATION  
119 WEST 40TH STREET  
NEW YORK 18, N. Y.

July 7, 1949

To: Members of the Merchandising Advisory Committee

It was suggested to me by the United States International Refugee Organization staff, that it would be desirable to file a report on the Committee's activities since its inception as of June 30th, even though the work of the Committee had not yet been finally completed.

A report has been forwarded and a copy is attached to this letter for your files.

*R. C. Kramer*

R. C. Kramer

Encl.

326226

MERCHANDISING ADVISORY COMMITTEE  
TO THE  
PREPARATORY COMMISSION  
INTERNATIONAL REFUGEE ORGANIZATION  
119 West 40th Street  
New York 18, N.Y.

The Merchandising Advisory Committee to the Preparatory Commission for the International Refugee Organization came into existence when Mr. Abba P. Schwartz, Reparations Director of the Preparatory Commission for the International Refugee Organization, acting on behalf of Mr. W. Hallam Tuck, Executive Secretary, approached Mr. R. C. Kramer in November 1947 to request his assistance in implementing certain portions of the Paris Agreement on Reparations and the Agreement of the Five-Power Conference of June 1946.

Article 8 of the Paris Agreement on Reparations provided that a share of German reparations consisting of all the "non-monetary gold" found in Germany by the Allied Armed Forces be allocated to the rehabilitation and resettlement of non-repatriable victims of German aggression. Article 8 also directed the Governments of the United States, France, the United Kingdom, Czechoslovakia and Yugoslavia to work out a plan for administration of the property.

These Five Powers, in an agreement dated June 14, 1946, directed the Intergovernmental Committee on Refugees or its successor (Preparatory Commission for the International Refugee Organization) to take title to the property from the appropriate occupation authorities and to take all necessary steps to liquidate it as promptly as possible, due consideration being given to securing the highest possible realizable value so that the rehabilitation and resettlement of refugees could be facilitated thereby.

326227

The United States Department of State, in order to implement the Five Power Agreement, ordered that all "non-monetary gold" found in areas occupied by the United States Occupation Forces, unidentifiable as to previous ownership or national origin, be transferred to the custody of the PCIRO. It was shortly after the United States Army had made substantial transfers of this property to the PCIRO that the request was made for the assistance of Mr. Kramer in disposing of the property. Mr. Tuck, in a letter of November 21, 1947, expressing the appreciation of the PCIRO to Mr. Kramer for his acceptance of this task wrote:

"As Chairman of the Advisory Liquidation Committee we delegate to you full authority to determine, in consultation with your Committee, the methods and means of liquidating the non-monetary gold in such a manner as, in your judgment and that of the Committee, will net the highest possible proceeds, taking into account the necessity for obtaining funds within a reasonably short period of time. In delegating such authority to you and the Committee, we express our complete confidence in your judgment and that of the Committee and assure you that whatever methods, means, and source of disposal are used will be to our complete satisfaction; and that it is neither necessary nor desirable that you advise us in advance of any decisions you may make with respect to the methods, means, or sources of disposal of the property."

The following persons, all outstanding in their respective fields, agreed to serve on this Committee, each in a voluntary capacity, and all without compensation:

B. Earl Puckett, Pres.  
Allied Stores Corp.

David Freudenthal  
Financial Consultant

Russell P. Bygel, Pres.  
Interstate Dept. Stores

Bernard Gimbel, Pres.  
Gimbel Brothers

Victor Hammer  
Hammer Galleries

Allan Kramer  
Sullivan and Cromwell

Sam Leidesdorf  
S.D. Leidesdorf & Co.

Robert McKim, Pres.  
Assoc. Dry Goods

Edwin I. Marks, Chm.  
Executive Committee  
R.H. Macy & Co.

George Whitten, Pres.  
Burdine's

Joseph Kasper, Pres.  
Assoc. Merchandising Corp.

Fred Lazarus, Pres.  
Federated Dept. Stores

N. A. Leitner  
Price Waterhouse & Co.

Edward Mitten, Pres.  
Jordan Marsh

William O. Riordan, Sr.  
President  
Stern Brothers

P.G. Winnett, Pres.  
Bullock's

The first shipment of non-monetary gold arrived in the United States in December 1947, and a second shipment in February 1948. Prior to and shortly after the arrival of the non-monetary gold, the Committee Chairman had been preparing plans for disposal of the property. In the absence of detailed inventories his discussions had to be very general, but it seemed likely at the time that disposal could best be effected by a type of "bazaar" or "fair" with considerable publicity to advise the buying public of the ultimate use of the proceeds obtained.

This type of sale proved not to be feasible for many reasons, among which were inability to obtain adequate space, the heterogeneous nature of the collection, high cost of such an operation, feeling on the part of ultimate recipient groups that any publicity given to the origin of the merchandise might react unfavorably to the success of the sales, and a decision by the U.S. Attorney General that the property to be sold in the United States would be subject to customs duties.

This latter factor was perhaps the most influential in determining the nature of future sales of the non-monetary gold.

It was impossible to sell on a mass basis because of the time involved in clearance of articles through Customs. Commodities were therefore entered by broad classifications. Considerable time was lost in this procedure. Without detailed knowledge of the variety of goods held and without knowledge of the methods of sale that would prove most remunerative, the Committee had to proceed extremely cautiously at this time. In a few areas where items were not subject to duty, they were entered and prepared for sale.

The advice of experts in the various fields was solicited. Their opinions on plans for proceeding with the problems of disposal varied considerably. In general, no positive approach to the Committee's problem was suggested by any of the trade experts until representatives from the Parke-Bernet Galleries were invited to inspect the merchandise.

Prior to the inspection by Parke-Bernet, the Chairman had decided on a pilot sale of the collection of stamps by the H.R. Harmer Company, auctioneers of the Franklin D. Roosevelt collection. This sale, held in May 1948 with a substantial amount of publicity, proved successful. The Committee thereupon made the decision to entrust to the Parke-Bernet Galleries the initial large sale of merchandise. The first Parke-Bernet sales, held in June 1948, were highly successful, and it was decided to continue with additional sales by auction. Through the summer of 1948, preparations were made for additional auction sales, and they were held as follows:

July 21-22, 1948	Warehouse sale (Loree-Green Corp.)
	Miscellaneous

Sept. 14-18, 1948	Parke-Bernet Galleries - Jewelry, Silver, Rugs, etc.
Sept. 27 - Oct. 1, 1948	Samuel T. Freeman & Co., Philadelphia Jewelry, Rugs, etc.
Oct. 19, 1948	Henry Grunthal - Coins and Medals
Oct. 20, 1948	Warehouse sale (Parke-Bernet auspices) Rugs
Oct. 28-30, 1948	Parke-Bernet Galleries Silver, Rugs, Porcelain, etc.
Nov. 10, 1948	Warehouse Sale (Parke-Bernet auspices) Rugs
Dec. 9, 1948	Warehouse sale (Parke-Bernet auspices) Rugs
Dec. 17-18, 1948	Parke-Bernet Galleries Rugs, Silver, Jewelry, etc.
Jan. 13-15, 1949	Kende Galleries Inc. Silver, Rugs

Prices realized by The Merchandising Advisory Committee from sales at auction were highest in the first sale. They declined with each successive sale, and by the time of the Kende Sale in January, 1949, it was apparent that the auction method had outlived its usefulness. It was also apparent that sales had to be spaced at minimum intervals of six weeks to two months to be at all successful.

The reasons for the steady decline in prices realized at auctions were:

- (1) the best quality merchandise was selected for the early sales,
- (2) there was greater variety of merchandise in the earlier sales,
- (3) there was insufficient "quality" merchandise to maintain private collectors' interest through all sales with the net result that, in later sales, the vast majority of purchases was made by dealers,

- (4) general market condition for these goods deteriorated as time progressed,
- (5) saturation point in the demand for some classes of goods was reached after the first few sales.

The types of goods which best lent themselves to the auction method of sales were china, glassware, rugs, silverware, mounted jewelry items, coins and stamps. It was found that loose diamonds and watches did not sell well by the auction method.

Even though the initial auction sales were highly successful, it was apparent to the Committee that there were such huge quantities of silver and watches that they must be disposed of by other methods. Many prospective purchasers of large quantities of these items either contacted or were referred to the Committee. It was extremely difficult to deal with these purchasers, many of whom were irresponsible.

An agreement with one purchaser for upwards of \$600,000 of merchandise was ready for signature in July 1948 when he refused to sign. An agreement was signed with another purchaser for goods tentatively valued at approximately \$650,000. He defaulted on part of his agreement, and upon final settlement, forfeited \$15,000 to the Committee. Another purchaser forfeited \$5,000 when he failed to meet a time limit imposed in his agreement. The Committee learned quickly that it had to investigate carefully all prospective purchasers, yet it could not turn away possibly irresponsible ones because truly responsible parties did not come forward to purchase the goods in large quantities.

Negotiated sales of large quantities of silverware, gold jewelry and watches were made. Many difficult problems confronted the Committee in handling these classes of merchandise.

Silver flatware, in addition to being subject to the usual ad valorem duty imposed on silver, is also subject to a "per piece" levy. Moreover, each knife and each fork must be inscribed with the country of origin and the name of the manufacturer or importer. Literally hundreds of thousands of knives and forks would have been so marked at considerable expense to the Committee if all had been imported directly by the Committee.

Watches also are subject to marking provisions in addition to a complicated duty structure. Moreover, the importer must register with the U.S. Department of the Treasury as an authorized importer of watches. The cumulative effect of the cost of marking and the high rate of duty made it inadvisable to import any watches other than a few outstanding ones.

Gold jewelry is subject to high rates of duty. It was impossible to determine from consultation with trade experts whether the greatest net return would accrue to the Committee from sales in United States markets after payment of duty by the Committee, from smelting of the jewelry to receive payment for its fine gold content, or from sale to a buyer outside United States Customs Territory. All three methods were used as experience with different types of pieces to indicate to the Committee how the greatest possible return might be achieved.

#### SALES BY CLASS OF MERCHANDISE

STAMPS: All stamps were entrusted to the H.R. Harmer Company for sale by direct and mail auction methods.

COINS: Coins were sold either through Numismatic Fine Arts (Henry Grunthal) by the auction method or in the case of non-numismatic

coins by direct negotiated sale to Gimbel Brothers, New York.

CAMERAS: Cameras and similar equipment were entrusted to Willoughby's, New York. Entire net proceeds were turned over to the Committee by this organization.

FURS: A negotiated sale was made of all furs received by the Committee. These items were in exceedingly poor condition and suitable for use as piecing materials only.

RUGS: All rugs were sold by the auction method. The total number of rugs received was 3,580. Prior to any sale, it was necessary to make a segregation of rugs by type, quality and saleability. This segregation was performed by experts of the Parke-Bernet Galleries. After segregation was completed, the Committee attempted to negotiate sales of large quantities of rugs, but was unsuccessful in these efforts. Therefore the Committee entrusted the major number of rugs to the Parke-Bernet Galleries to be included in its auction sales. The better type oriental rugs were included in sales at the Parke-Bernet Galleries, while machine made and cheaper oriental types were sold at three auctions in the Committee's warehouse premises under supervision of Parke-Bernet. Small numbers of rugs were sold at the Freeman Galleries in Philadelphia and the Kende Galleries in New York. Some 220 rugs were damaged in transit from Germany to New York. An insurance settlement was made on these rugs and payment made to the Committee. In addition, 165 rugs were of such poor quality or so completely worn that duty thereon would have ex-

ceeded gross return from their sale. No purchaser could be located who would buy these rugs in bond.

They were abandoned to the United States Bureau of Customs in order to eliminate the handling charges on them.

CHINA AND GLASSWARE:

All china and glassware included in the non-monetary gold was inspected by representatives of the Parke-Bernet Galleries. That portion suitable for inclusion in sales at the Galleries was sold in the successive Parke-Bernet sales. The balance was sold at auction in the Committee's warehouse premises.

LOOSE DIAMONDS:

The Committee had more than 6,700 carats of loose diamonds to sell. A small number of stones was sold at the first Parke-Bernet Galleries auction. This experience demonstrated that diamonds could not be profitably sold directly to ultimate purchasers, but rather only to dealers, even with the publicity attendant to the auction sales. Therefore in order to maximize the return from the sale of these stones, the Committee went directly to the dealers to dispose of its large quantities of precious stones.

The stones were cleaned, sorted and classified according to type, quality, size and color by the Committee's staff. They were then offered to the trade in a sealed bid sale after affording interested buyers the opportunity of inspection. The diamonds were placed on view at United Nations Headquarters for ten days. About 110 prospective buyers inspected the stones. Bids were opened on September 15, 1948. They were generally

satisfactory, when compared with the appraisals placed on the diamonds by trade experts who volunteered assistance to the Committee. Bids for rose diamonds (chips) were below estimates, possibly because only a limited market for this type of stones exists in the United States. The Committee reserved the right to reject all bids for any single lot and did so in many cases. Subsequently, the Committee sold all such lots for 5% above the highest sealed bid offer.

JEWELRY, WITH AND WITHOUT STONES:

The outstanding pieces of jewelry containing stones were sold at the several Parke-Bernet auctions. Negotiated sales were made of the remaining lots of these types of merchandise. Gold jewelry without stones was included in the original Parke-Bernet sales, but the net return after charges was, in most instances, below the amount which the Committee could realize by disposing of these items for precious metal value. The Committee therefore negotiated sales of this merchandise "in bond" at favorable prices above their precious metal content thereby avoiding sizable duty and commission expenses. Gold bracelets and cigarette cases constituted a major portion of such merchandise.

WATCHES: More than 60,000 watches were included in the non-monetary gold. The vast majority were in poor condition and not worth repairing. Some diamond studded watches and enameled case watches were sold at the various auction sales. Because of duty and customs complications, the Committee disposed of the remaining watches outside of Customs jurisdiction. Negotiated sales for all silver

and metal case watches were effected. All watches having gold cases were sold for their gold content as determined by assay. The sales price of \$41.00 per ounce of fine gold content of the cases represented the Committee's appraisal of the gold value plus the value of the movements turned over to the buyer.

SILVER ARTICLES:

Silver articles fall into three basic categories, -silver hollowware, silver flatware and items of silver jewelry. The quantities of each type were tremendous. Estimates of total weight of silverware have been as high as 35 to 40 tons.

Silver holloware and flatware in small quantities have been included in the auction sales. Prices realized in these sales were at first excellent, but declined in successive sales to a point where it became uneconomic to pay customs duties and then offer additional quantities at auction. About eleven tons of holloware were disposed of by negotiated sale in bond, at a net price more favorable to the Committee than the prices received at the auctions. About 2-1/4 tons of flatware were disposed of in this manner.

The Committee, being unable to negotiate additional large sales of silver flatware, arranged to have large quantities smelted for its account. An agreement was reached with the Irvington Smelting and Refining Works, Irvington, New Jersey, to handle this material, and more than 20 tons gross weight of flatware have been smelted.

Silverware, in bulk, constituted the major portion of goods handled by the Committee. Because of its comparatively low silver content (80% fine as contrasted with sterling which is 92-1/2%

fine) it has been difficult to sell in United States markets. Moreover, the sheer quantity considerably aggravated the disposal problem. As a result of these factors, the Committee may deem it necessary to have the bulk of the remaining silver smelted. Negotiations are, however, under way, for additional bulk sales, and upon their results will depend future disposal plans.

Many lots of silver jewelry were included in the various auctions. The balance of the silver jewelry has been sold in negotiated sales or has been smelted for precious metal content.

PRECIOUS METAL AND BULLION:

The Committee received sizable amounts of precious metals either in scrap form or in bullion. Whenever possible, these items have been sold directly to precious metals dealers at prevailing market prices. Otherwise, the Committee has had the metals refined and then has sold to metals dealers.

MISCELLANEOUS:

A vast miscellany of items such as alarm clocks, linens, cheap costume jewelry, religious articles, pictures, musical instruments, books, etc., were included in the non-monetary gold. These items were sold either by direct sale to interested persons or at one of the auction sales.

SECURITIES:

A vast number of securities, most of which were of doubtful value, was entrusted by the Committee to Carl M. Loeb Rhoades for disposal. Sales prices on securities were checked with Kuhn Loeb and Co. before the Committee approved their sale.

After examination, a substantial number of securities were declared worthless, and the Chairman has been disposing of them for nominal sums. Disposal of the remainder has been delayed by the necessity for obtaining validation of the securities by the governments of the several countries of origin. Such validation has been received from one government, but others are still awaited. In any event, proceeds from their sale are expected to be negligible.

RECEIPTS AND EXPENDITURES:

Committee receipts and expenditures as of June 30th, 1949 were as follows:

Receipts

Various auctions	\$454,134.33
Silver	258,860.71
Watches	226,245.64
Jewelry, other than at auction	43,982.90
Precious metal and scrap	311,913.85
Securities	3,215.17
Miscellaneous	12,699.84
Stamps	14,188.84
Diamonds	233,316.09
Insurance settlement - Rugs	10,976.28
Received from IRO Geneva	<u>10,000.00</u>

Total Receipts

\$ 1,579,533.65

Expenditures

Office Expense	1,978.28
Legal	695.01
Salaries	1,637.20
Miscellaneous	3,388.43
Transmitted to Geneva	<u>1,500,000.00</u>

Total Expenditures

1,507,698.92

Funds on Hand  
June 30, 1949

\$ 71,834.73

Receipts from all sales are shown net of all expenses relating to those sales. Commission charges were paid in connection with all auction sales. The Committee was able to reduce these commission charges considerably below those generally applied to similar sales. A small commission charge was also paid on a silver, watch and diamond sale. Beyond that, all expenditures of the Committee were out-of-pocket amounts, payable for office supplies, communication expense, salaries and miscellaneous minor expenses in connection with its activities. The total of such expenditure is \$7,623.92, considerably less than the \$20,000 which the Committee received as forfeited sums for non-performance under agreements signed.

The Committee understands that a detailed summary of expenditures for insurance, customs duties, storage, salaries and other costs made by the IRO Reparations Department in connection with the liquidation of this property, will be submitted to the General Council. A true analysis of the net proceeds of the liquidation must await consolidation of the two statements. Price, Waterhouse & Company have completed an audit of the Committee's accounts for the period from its inception through March 4, 1949. A similar audit will be prepared for the period beginning March 5, 1949.

PROBLEM OF CLAIMS:

Many persons came forward to the Committee with claims to various articles of "non-monetary gold." In general, these claims could not be substantiated with documentary evidence, and were dismissed. In only one instance did the Committee

consider a claim worthy of serious consideration. The documentation presented included photographs and receipts which established conclusively that the items in question had belonged to the claimant. The Committee itself had not the right to make payment or restitution. Therefore the claim was referred to the IRO itself and after consultation with the U.S. Department of State, IRO officials, assisted by the Committee's counsel, reached an agreement with agents of the claimant.

ACKNOWLEDGEMENTS:

The Committee received assistance from sources too numerous to list. In general, most persons approached for aid or advice showed a keen interest in and sympathy for the Committee's work. To these people the Committee wishes to express its appreciation. Those who gave very considerably of time and facilities without return are deserving of mention. They include:

1. Sullivan and Cromwell, Legal Advisors
2. Price Waterhouse & Company, Auditors
3. Mr. Frank Laughlin, Deputy Collector of Customs, Port of N.Y.
4. Mr. N. Nathanson, Assistant Appraiser, Bureau of Customs
5. Lipschutz & Gutwirth, Diamond dealers.
6. Mr. William Ogush, Jeweler
7. Globe Shipping Company, Customs Brokers
8. Guaranty Trust Company, Vaults
9. La France Industries, office space

To these people and organizations, the Committee is exceedingly grateful.

The Chairman is especially indebted to the members of the I.R.O. Staff who were attached to his office during the liquidation. Without exception they were cooperative, hard working and had a keen sense of responsibility for the work they were doing. It would have been extremely difficult to have completed this task without the very able assistance and knowledge of Mr. David Rolbein of the I.R.O. Staff. If a measure of success has been achieved by the Committee a very large share of that success is due to his hard and intelligent work.

The Chairman also desires to thank the Reparations Director, Mr. Abba Schwartz for his splendid support and for his intelligent flexibility which made the Committee's activities free of unnecessary complications.

COMMITTEE'S APPRAISAL OF ITS ACCOMPLISHMENT:

The Committee has been fully cognizant of its responsibility to obtain the highest possible proceeds from the sale of non-monetary gold, taking into account the necessity for obtaining funds within a reasonably short period of time. To strike a balance between speed of disposal and maximization of return quickly became one of the Committee's most delicate problems. The original intention of the Committee was to dispose of the merchandise within a period of three months. As the many problems arose, it became readily apparent that an inflexible time schedule could not be established. The Committee simply had to proceed cautiously, weighing the net return from each plan of disposal for each class of goods and the time involved in completing

that plan against the return and time involved in alternative plans for the same class of merchandise. The Committee, in appraising its work, believes that, in the main, it has not erred in its handling of sales.

Descriptions of the non-monetary gold received by the Committee before it undertook this task were such that it was believed there would be a large selection of "quality" merchandise and "collectors' items." Inspection of the goods revealed, however, that the quality of merchandise ranged from mediocre to medium-grade. Very few items could be classed either as outstanding pieces or collectors' items. This factor has affected appreciably the amounts realized from the sales as well as the degree of interest on the part of buyers in the United States. The Committee believes that if the property had been of better quality its task would have been made simpler and the time required for disposal much shorter.

*Pen IK J*  
*Wsh*

LOEB & TROPER  
CERTIFIED PUBLIC ACCOUNTANTS  
FIVE HUNDRED ONE FIFTH AVENUE, NEW YORK 17, N. Y.

119 rue St. Dominique  
Paris 7e, France.

PERSONAL

July 7, 1949.

Mr. David Weingard,  
American Jewish Joint Distribution Committee, Inc.,  
270 Madison Avenue,  
New York 16, N.Y.

Dear Dave:

A. Since my return from Switzerland I have been hopping around on a number of matters most of which I hope to settle in the course of the next few days. In addition, the IRO Reparations accounting is still taking much of my time in connection with the preparation of a number of distribution schedules demanded by the IRO, which are extremely difficult to prepare because the information has not been kept according to the details presented in the original proposals. Accordingly, I am trying to work out some pro-rated details based on overall figures which I hope will be satisfactory.

The IRO was supposed to set up their informational requirements when the Reparations agreement was entered into but this they never did. Nevertheless they now come along and ask for the information, not only as information but also certified, with the result that it means further discussion by way of qualifications. All of this, despite the fact that we are way over their original approvals in the important projects and despite the fact that their payments are very slow.

B. As I promised you, I gave Fred the supply statements now being prepared by Joseph with the idea that he go into it and see what part of it is needed - if any. I already wrote you that it was George London's opinion that they still needed the whole statement. However, I took occasion today, to sit down again with Fred and London.

London's opinion was that all that was needed, if any, was Exhibit A and he wasn't too sure of this. On the other hand, Fred felt that Exhibit B was also of use just as a matter of having in our hands in case anybody should ask for the information contained therein. Neither of them felt that any of the schedules need be prepared as far as Europe was concerned, so that at least that much is saved which is the most substantial part of the report.

I have not discussed this with Schenker since Fred tells me that he never even sees the statement. On the other hand, no such statement has been received for this year as yet and I told Fred that if they could do without it for six months, I could not see why they can't do without it completely. However, Fred said that he would still like to have Exhibits A and B and maybe they could now be prepared for the first 6 months of 1949. I suggested that he write you or Shargo directly on this whole subject, which he promised to do.

C. I am also trying to settle up certain JPM matters which are holding up the closing of their records. When the Woippy depot was originally billed to the organizations concerned in this purchase, there was an overage of some \$45,000 to JPM, which with other overages accumulated during its existence, will take care of the expenses of JPM to the extent of leaving only a resultant charge of some \$2,000.

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As a result of further dealings, there is a final adjustment of about \$113,000 in the disposal document which it is now disposed to distribute among JDC - which gets 90% of it and the American Friends Service Committee and the War Relief Service, which together get the remaining 10%.

However, there are still two outstanding accounts which require consideration: United Palestine Appeal owes \$36,000 and the Hadassah, \$18,000. The Hadassah says they had nothing to do with this transaction and that the \$18,000 is an Agency transaction. Accordingly, these two amounts will have to be settled up before we make any distribution. At any rate, we are saving this whole matter for Mr. Beckelman's consideration and approval as soon as he gets back from Switzerland, as I am anxious to get the thing out of the way.

- ✓ D. A number of us had a long talk with Charlie Jordan on the emigration question and with special reference to the size of Frank Cohen's department. First of all, Charlie mentioned that he was getting a number of chastising letters from Frank Cohen requesting information and not understanding why the information was not immediately forthcoming. In quite a number of cases, he showed me where the information requested by Frank Cohen had already been sent to him, while in others Charlie said there was no use in taking time to send follow-ups because he knows the importance of this phase of the work and is always doing his utmost to get him the information required with the greatest possible speed. At any rate, he gave the impression that he felt that there was somewhat of an hysterical attitude which was unnecessary. I do not want you to get the impression that he felt put out about the matter, but he did feel that there might be some waste motion.

From the information now being sent to Frank Cohen, I actually saw that there was ~~now~~ attached to each end report, a summary of the various types of expenditures in each currency expended. They showed me a sample copy of the kind of accounting Frank Cohen sends out and it is my opinion that it is far too detailed, in that it gives, for the emigrant, each type of currency expended converted into dollars and distributed into a great many small items.

After going into all of this, I still firmly believe that we would be much better off to have a standard rate of transportation from the various countries of departure and to add for all of the other items something like 20% thereto, and call that the accounting; and with this, Charlie Jordan and Fred agree. I am afraid that unless some such overall measure is adopted, there will be little if any hope of reducing Frank Cohen's department for a long time to come.

I also believe that should there be any comeback on such an accounting, JDC would be better off to settle it and would save money. Besides, under such a procedure overages could be billed immediately upon the receipt of a migration list and you would have a much better chance of collecting such an overage than you do now, when you wait for a complete accounting which may take months after the emigrant has arrived. Charlie Jordan told me that just before we got there, he had the chairman of the Boston campaign in his office to whom he was explaining procedures and incidentally, added some explanations of his difficulties with depositors, to which the gentleman replied that he should turn them over to him and he would take care of them. This is merely an illustration of how people begin to act when they get to be familiar with the problem. The JDC is ~~not~~ in a wholesale business of emigration and to follow people through with every cent of expenditure for photographs, etc. becomes a costly proposition.

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Besides, a high policy level decision will have to be made in connection with some of the matters which take up time. A decision will have to be made with respect to those depositors who complain that IRO is paying the transportation and they want their deposit back. Also a final decision will have to be made with respect to those who want their money back because their relative went to Israel instead of going to America or some other place.

We hope to thrash this whole matter out with Mr. Beckelman and when and as we come to some conclusions, I will again write you on this subject, but in the meantime I thought I would give you some of the things that are going through our minds. I would appreciate it if you would ask for a number of the copies of the accountings that have been given just to see how detailed they are in items and foreign currency — let me know what you think about it.

- E. I also had a talk with Fred on the subject of surplus and he tells me that from conversations he has had with Schenker, the thing may begin to get mixed up again. He says that he was told that some items declared surplus are being used in the program again while some programmed items may be sold for surplus. Besides the general feeling is, almost all along the line, of disposing of anything you can sell. While I completely agree with the latter provided you don't have to re-purchase it again at a loss, nevertheless I don't know who is going to attend to all of the adjustment necessary if you are going to have some kind of surplus program and accounting.

The result is that Fred begins to get sales in a total amount without knowing anything about their composition, what the items are or what they amount to in dollars from the scheduled JDC price lists. As a matter of policy, I believe we will have to take up the subject of how far the responsibility of the accounting department goes in connection with these transactions. We certainly ought to get from Schenker some kind of a statement of any particular sale as to what the dollar amount of the sale means to JDC in terms of its own scheduled prices. In due course, Fred and I hope to go over this matter with Messrs. Beckelman and Schenker, otherwise the work that Ted did here may be affected.

- F. I have written Mr. Landesco and you with respect to the Foundation. I still want to find the opportunity to go to London but I would like to have some answers to the questions asked in my letters. It appears, as I previously wrote in one of my letters, that I shall have to take up a number of matters again with the new officers of the ICA, most likely before I see the lawyers.
- G. I am writing you all of the above merely to give you an idea as to some of the problems here. Of course, my main purpose in coming over was to participate in the closing up of the 1948 audits. This work, I am glad to say, is proceeding quite satisfactorily and I expect to bring all of the reports back with me on my return.

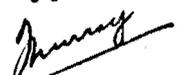
The ORT audit will take some time yet because the JDC had to come first. They are having their conference here in Paris commencing this Saturday night and I am afraid all I will be able to do is to attend their opening session on Sunday.

Joe Schwartz got in today and I was glad to be able to get some fresh information on things back home.

You will save me some time in my correspondence if you will show this letter to Evelyn and Dotty.

With kindest personal regards, I am,

Sincerely,



MCT/sh

AMERICAN JOINT DISTRIBUTION COMMITTEE

119, RUE SAINT-DOMINIQUE  
PARIS (7<sup>e</sup>)

EUROPEAN EXECUTIVE  
COUNCIL

TELEPHONE 87-83  
INVALIDES } 87-55  
79-37  
CABLES & TELEGRAMS  
JOINTFUND-PARIS

June 24, 1949

Paris Letter No. 3062

To: AJDC NEW YORK - Attention Mr. Eli Rock

From: AJDC PARIS - General Counsel

Re: IRO Reparations

*Jer J*  
JUN 27 1949

This refers to your letter No. 2383 of May 26, 1949. I had thought I had made clear the reference to reparations from the Italian Government. I stated there that the State Department is proposing to waive its portion of reparations from the Italian Government under the Treaty with Italy if Italy will make available 50% of those reparations for use in accordance with the terms of the Five Power Agreement on Reparations.

This refers to the Treaty of Peace with Italy under which the Italian Government is obliged to pay reparations to various allied governments. The United States, I understand, is entitled to a portion of the reparations from Italy, and Isenbergh informs me that the State Department is proposing that the U.S. would waive its claim to reparations under the Treaty if Italy would appropriate 50% of the amount due the U.S. for use in accordance with the terms of the Five Power Agreement of 1946.

It is my impression that Sy Rubin has been working on this problem, and I thought you would have some information regarding it.

This proposal may only be wishful thinking on someone's part, but I will be able to get some further clarification when I see Sy Rubin in the near future. I will write you again on it.

81716  
*ph*  
*Jermy*  
Jerome J. Jacobson  
General Counsel

JJJ/hf

AMERICAN JOINT DISTRIBUTION COMMITTEE

119, RUE SAINT-DOMINIQUE

TELEPHONE

EUROPEAN EXECUTIVE  
COUNCIL

PARIS (7<sup>e</sup>)

87-83  
INVALIDES } 87-55  
79-37

CABLES & TELEGRAMS  
JOINTFUND-PARIS

May 20, 1949

Paris Letter No. 2903

To: AJDC NEW YORK - Attention Mr. Eli Rock

MAY 23 1949

From: AJDC PARIS - General Counsel

Re: Your letter No. 2321 - My memo on IRO Reparations

Our subsequent information from Jimmy Rice seems to indicate that he is correct. He has been talking with Benson quite a bit and has received confirmation of his earlier accounts from Benson.

To date we have had no reply, and I am persuaded that Hacking is being nasty for well calculated reasons. Isenbergh tells me that the State Department is proposing to waive its portion of reparations from the Italian Government under the treaty with Italy if Italy will make available 50% of those reparations for use in accordance with the terms of the Five Power Agreement on Reparations. I am sure that Hacking must be aware of this possible additional source of funds, and I do know that he has been striving to get migration to Israel chargeable to the Reparations Fund. In fact, he and Dr. Kullman had badgered Adler-Rudel with this proposal during the last IRO Council session.

I do not accept the statement that the delay in sending the letter, which Abba claims to have seen, has been the result of red tape. Jimmy has been putting too much pressure on in personal visits for red tape to be the explanation.

Jerome J. Jacobson  
General Counsel

JJJ/hf

82283 *ph*

*Pen SRO*

RECEIPTS FROM IRO ON ACCOUNT OF REPARATIONS & RESETTLEMENT

According to our records, we have received the following amounts from the above organization from its inception to date:

ON ACCOUNT OF REPARATIONS

<u>DATE</u>	<u>WHERE FUNDS WERE REC'D</u>	<u>LOCAL CURRENCY RECEIVED</u>	<u>SWEDISH KRONER EQUIVALENT</u>	<u>U.S.\$ EQUIVALENT</u>
<u>SWEDISH CROWNS ACCOUNT</u>				
11/47	France	FrFrs 41,584,158	1,260,000.00	350,000.00
	Sweden	SwKrs 719,998	719,998.00	200,000.00
12/47	U.S.A.	US\$ 100,000	360,000.00	100,000.00
	France	FrFrs 17,821,782	540,000.00	150,000.00
	France	FrFrs 29,702,970	900,000.00	250,000.00
	Sweden	SwKrs 1,620,000	1,620,000.00	450,000.00
			<u>5,399,998.00</u>	<u>1,500,000.00</u>
1/48	France	FrFrs 29,702,970	900,000.00	250,000.00
4/48	England	£ 125,000	1,813,500.00	503,750.00
5/48	Norway	NorKrs 307,649.90	223,200.00	62,000.00
	U.S.A.	US\$ 210,732	758,635.25	210,732.00
8/48	Sweden	SwKrs 500,000	500,000.00	138,888.90
11/48	Sweden	SwKrs 350,000	350,000.00	97,222.22
	France	FrFrs 6,000,000	68,598.70	19,055.19
12/48	Sweden	SwKrs 650,000	650,000.00	180,555.56
	Overall Exchange Variance		<u>(3,006.00)</u>	<u>(835.00)</u>
			<u>5,260,927.95</u>	<u>1,461,368.87</u>
1/49	France	FrFrs 1,500,000	17,149.68	4,763.80
2/49	"	" 3,047,917	34,847.20	9,706.74
4/49	"	" 11,897,917	136,030.30	37,891.44
7/49	Sweden	SwKrs 5,000,000.00	5,000,000.00	1,392,757.66
	" (SwKr 4,500,000)"	15% discount		(184,737.50)
12/49	"	"	<u>500,000.00</u>	<u>96,525.10</u>
			<u>5,688,027.18</u>	<u>1,356,907.24</u>
2/50	Sweden	SwKrs 500,000.00	500,000.00	96,525.09
7/50	France	FrFrs 67,114,094	1,000,000.00	191,754.55
8/50	Sweden	SwKrs 151,045.60	151,045.60	29,159.38
			<u>1,651,045.60</u>	<u>317,439.02</u>
2/51	Belgium	BFRs 1,700,000		34,000.00
2/51	Sweden	(part of Lit. 500,000,000)	321,159.00	62,000.00
2/51	U.S.A. (\$) " " "	" " "		192,000.00
3/51	France	FrFrs 18,734		48.98
				<u>288,048.98</u>

<u>DATE</u>	<u>WHERE FUNDS WERE REC'D</u>	<u>LOCAL CURRENCY RECEIVED</u>	<u>SWEDISH KRONER EQUIVALENT</u>	<u>U.S. \$ EQUIVALENT</u>
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NON-MONETARY GOLD

2/48	U.S.A.	US\$	260,000	260,000.00 ✓
4/48	England	£	15,120	60,933.60 ✓
5/48	U.S.A.	US\$	89,268	89,268.00 ✓
11/48	U.S.A.	US\$	200,000	200,000.00 ✓
				<u>610,201.60</u>
4/49	U.S.A.	US\$	125,628.10	125,628.10 ✓
6/49	U.S.A.	US\$	97,613.24	97,613.24 ✓
6/49	Switzerland	SwFr	4,447.90	1,038.58 ✓
6/49	England	£	320-10-2	1,282.03 ✓
10/49	U.S.A.	US\$	54,000	54,000.00 ✓
11/49	U.S.A.	US\$	39,186.88	39,186.88 ✓
11/49	U.S.A.	US\$	57,275.80	57,275.80 ✓
12/49	U.S.A.	US\$		10,830.31 ✓
				<u>386,854.94</u>
6/50	U.S.A.	US\$		7,308.00 ✓
12/50	U.S.A.	US\$		3,328.43 ✓
12/50	U.S.A.	US\$	FF 21,773	62.17 ✓
				<u>10,698.60</u>
1/51	U.S.A.	US\$		3,063.23 ✓
3/51	Switzerland	SwFr	127.65	29.69 ✓
8/51	U.S.A.	US\$		12,000.00 ✓
10/51				<u>15,092.92</u>

SWISS REPARATIONS

7/48	Switzerland	SwFr	7,200,000	1,674,410 ✓
3/50	Switzerland	SwFr	241,200	<u>56,320.20</u>

ON ACCOUNT OF RESETTLEMENT

<u>DATE</u>	<u>WHERE FUNDS WERE RECEIVED</u>	<u>U.S. \$ AMOUNT</u>
1/48	New York	500,000.00 ✓
5/48	New York	250,000.00 ✓
	Shanghai	10,000.00 ✓
6/48	Shanghai	10,000.00 ✓
7/48	New York	300,000.00 ✓
	Shanghai	2,500.00 ✓
8/48	Shanghai	15,000.00 ✓
9/48	Shanghai	20,000.00 ✓
10/48	Shanghai	20,000.00 ✓
	New York	350,000.00 ✓
11/48	New York	200,000.00 ✓
12/48	Hungary (12,500 equiv Hung For 587,000)	50,375.00 ✓
	Spain (12,250 equiv Sp Pes 148,927.50)	9,067.50 ✓
		<u>1,736,942.50</u>

1,736,942.50  
1,736,942.50

326250

<u>DATE</u>	<u>WHERE FUNDS WERE RECEIVED</u>	<u>U.S. \$ AMOUNT</u>
1/49	Spain (Sp Pes 337,200)	13,488.00 ✓
2/49	New York	200,000.00 ✓
	New York (Israel Emigration)	2,000,000.00
4/49	New York " "	2,000,000.00
5/49	New York	200,000.00 ✓
	New York (Israel Emigration)	1,000,000.00
6/49	Spain (16,239-3-8 equiv Sp Pes 628,597.70)	24,956.73 ✓
7/49	New York	135,000.00 ✓
8/49	Hongkong (17,700 equiv HK\$ 123,457.20)	30,800.00
10/49	New York (Israel Emigration)	1,000,000.00
11/49	New York " "	1,000,000.00
		<u>7,604,244.73</u>
10/49	France (FrFrs 47,250,000 - Accllet #6485)	135,000.00 ✓
11/49	New York (Austria Summer Camps)	1,500.00
11/49	Chase Bank (Shanghai - Hongkong) N.Y.	10,691.10
11/49	Reimburs. Shanghai - Isr. flights	99,300.00
11/49	" Tientsin Evacuation	80,325.00
11/49	" Shanghai-Canada flights	56,400.00
12/49	Adj. Exchange Variance J F 2258	(11,550.00)
		<u>7,975,910.83</u> <i>cancel</i>
1/50	New York (Israel Emigration)	1,000,000.00
2/50	New York	90,000.00 ✓
3/50	New York	1,367.70 <i>N.Y. only</i>
4/50	Amsterdam	30,000.00 ✓
4/50	Amsterdam	62,000.00 ✓
3/50	London 150,000.--	140,000.00 ✓
6/50	London 130,000.--	84,000.00 ✓
6/50	New York	85,543.75 <i>N.Y. only</i>
7/50	New York	217,899.04 ✓
8/50	New York	16,414.00 <i>N.Y. only</i>
8/50	France (Israel Emigration)	250,000.00
9/50	New York	40,695.00 <i>N.Y. only</i>
9/50	New York	72,407.87 ✓
10/50	France (FrFrs <sup>175,000,000</sup> <del>17,500,000</del> ) Israel Emigration	500,000.00
10/50	New York	1,717.50 <i>N.Y. only</i>
10/50	New York	430.00 <i>N.Y. only</i>
11/50	New York - Israel Emigration	500,000.00
11/50	New York - Israel Emigration	250,000.00
10/50	Israel (NK 4,000,000) Israel Emigration	490,000.00 <i>500,000</i>
12/50	New York	59,346.79 ✓
		<u>3,891,821.65</u>
3/50	Hongkong-Lydd	26,675.00 <i>N.Y. only</i>
4/50	Tientsin-Lydd	2,200.00 <i>N.Y. only</i>
5/50	Shanghai-Lydd	60,277.50 <i>N.Y. only</i>
		<u>3,980,974.15</u> <i>off</i>
1/51	New York	31,024.16 ✓
2/51	New York	36,900.00
3/51	New York - Israel Emigration	200,000.00 ✓
4/51	New York	612.61
4/51	London	9,985.50
5/51	London - Israel Emigration	46,000.00
5/51	Copenhagen - Israel Emigration	214,000.00
7/51	New York	50,000.00 ✓
		<u>588,522.27</u>

9/51 New York

326251

*Ward*

DATE                      WHERE FUNDS WERE RECEIVED

U.S.\$ AMOUNT

OTHER INCOME

6/50	New York	200,000.00
6/50	New York (Medical Supplies)	<u>3,565.90</u>
		203,565.90
1/51	Spain	2,842.00
3/51	Spain	<u>3,158.00</u>
		6,000.00

HARDCORE AGREEMENT

4/51	New York	1,500,000.00
7/51	New York	<u>500,000.00</u>
		2,000,000.00

SUMMARY:

REPARATIONS

1947	SK 5,399,998.00	\$1,500,000.00
1948	" 5,260,927.95	1,461,368.87
1949	" 5,688,027.18	1,356,907.24
1950	" 1,651,045.60	317,439.02
1951		<u>288,048.98</u>

4,923,764.11

NON-MONETARY GOLD

1948		\$ 610,201.60
1949		386,854.94
1950		10,698.60
1951		<u>15,092.92</u>

1,022,848.06

SWISS REPARATIONS

1948		\$1,694,117.70
1950		<u>56,320.20</u>

1,750,437.90

Total Reparations

7,697,050.07

RESETTLEMENT

1948	incl.	\$1,736,942.50
1949	(Isr. Migr. \$7,000,000.)	7,975,910.83
1950	( " " 2,990,000.)	3,980,974.15
1951	( " " 460,000.)	<u>588,522.27</u>

14,282,349.75

2,000,000.00

209,565.90

HARDCORE AGREEMENT

OTHER INCOME

TOTAL RECEIPTS FROM IRO

\$24,188,965.72

MEMORANDUM # 96 - HW

November 7, 1951

To: General M.C. Troper  
From: Ernest H. Weismann  
Re: Receipts from IRO on account of reparations and resettlement.

I am returning herewith the excerpt from AJDC New York's General Ledger concerning receipts from IRO on account of reparations and resettlement with the following comments:

- #1 Reparations: A reconciliation between the total sum of Swedish Crowns as shown in AJDC New York's books with the total sum of Sw.Gr. as shown in our Reparation Fund report for the year 1950 was sent to Mr. Loewenstein with my letter D-120 of October 31, 1951. The figures for the year 1951 are correct, but it should be added on a receipt of F.F. 20,206.00 in October 1951 with an equivalent of \$57.73.
- #2-Non monetary gold: A full reconciliation for receipts in non monetary gold is attached to this list.
- #3-Swiss reparations: The above mentioned letter D-120 shows that only S.F. 7,200,000.00 were received in July 1948 on account of Swiss reparations. This receipt was given by IRO an equivalent of \$1,674,418.50. The receipt of March 1950 of S.F. 241,200.00, with an equivalent of \$56,320.20, was a receipt in non monetary gold and appears in the reconciliation attached herewith.
- #4-Resettlement: Reconciliations of the resettlement account from inception through December 31, 1950 were already sent to New York with letter C-134 of December 6, 1950. A reconciliation for the year 1951 has been prepared now. Please find attached schedules showing reconciliations for the years 1949, 1950 and 1951.
- #5-Hard Core agreement: The full \$ 3,000,000.00 have been received through to-day.
- #6-Other income: The figures indicated for Spain are correct. The receipts in New York are not recorded here.

  
Ernest H. Weismann

HW/GW

Enc.

326253

GEN. S. ... Portugal  
Reparations  
MTC

August 17, 1951

TO ME  
DK S

Dr. Eugene Hevesi  
The American Jewish Committee  
386 Fourth Avenue  
New York, New York

Dear Eugene:

Re: German Assets - Portugal

I have been trying for sometime to revive the above-entitled matter. I have now been informed that the U. S. Government has at long last adopted my proposal of some six months ago to accept the Portuguese offer of settlement on the gold issue. As you will recall, the gold question has remained open for almost three years while the accord on assets has been agreed. Under the latter, the IRO receives the first 100,000,000 escudos arising out of the liquidation of German assets. Since the Portuguese get the next 50,000,000 escudos, it can be expected that, once the gold issue is settled, they will press for liquidation and payment of at least 150,000,000 escudos.

The U. S. position now has to be cleared with the British and French. I hope we will have some good news on that score soon.

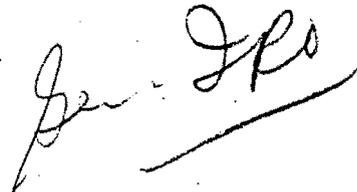
I will, of course, keep you informed.

Sincerely yours,

Seymour J. Rubin

cc: Mr. Leavitt

326254

  
August 13, 1951

Dr. Eugene Hevesi  
The American Jewish Committee  
386 Fourth Avenue  
New York, New York

Dear Eugene:

Re: Swiss-Allied Accord

I have been waiting for a few free moments to give you a further report on the present status of negotiations with respect to the 17,205,000 Swiss francs which are still due to us under the terms of the Swiss-Allied Accord and the Paris Reparation Agreement.

1. When I was in Switzerland, I took some time off and went to Bern to discuss the Swiss-Allied negotiations with various people there. In Bern I talked with Marcel Vaidie, Financial Counselor of the French Embassy in Bern, Charles Owsley, First Secretary of the American Legation, and Michael Dux of the Department of State and Fred Stern of HICOG. The latter two people were in Bern for the negotiations which were going on at the time of my visit. I also made several phone calls to various people before and up to the time of my departure from Switzerland, and have had a conference, since my return to Washington, with Mr. Ross McClelland of the Department of State.

2. The situation is that the German Government - that is, Chancellor Adenauer - has refused to go along "on a voluntary basis" with the liquidation of German assets in Switzerland and utilization of these assets for the purposes of the Swiss Accord. Subsequent to the last previous negotiations which ended in March or April, there were discussions in France and Bern and a modus operandi was worked out with the technicians of the German Government. This tentative agreement was, however, scuttled by Adenauer apparently on the ground that it would be impossible from the political point of view.

In the absence of ability to persuade Adenauer to go along or in the absence of willingness to exert sufficient pressure on him, the Allies were thrown back on the recourse of issuance of a High Commission law. At one stage it was apparently the subject of some debate as to whether such a law could or should be issued. However, by the time the Allies arrived in Bern for their most recent negotiations it had apparently been decided that a High Commission law could and should be issued.

At this time, however, the Allies committed what I consider to have been the tactical mistake of consulting Dr. Stucki, chief Swiss negotiator, about whether a High Commission law would be acceptable to the Swiss. Stucki, of course, replied that he was extremely dubious. He indicated that the Swiss would like to have the voluntary concurrence of the Germans. Stucki therefore was doubtful whether the imposition of the law in question on the Germans would satisfy Swiss sensibilities in this regard. He indicated that the Swiss in effect wanted a German signature on whatever was agreed. The obvious answer is, of course, that the Germans are not and never have been parties to any negotiations with respect to German external assets, that the Accord was signed in 1946 between the Allies and the Swiss and that nothing has changed the legal situation with respect to external assets since then. I believe that had the Allies actually issued the law and then presented it to Stucki, he could have done nothing about it and would have been compelled to accept it. However, that is water already under the bridge.

326255

3. Thus, the negotiations in Bern were ended without anything conclusive having happened, with Stucki still studying the Allied proposal for the issuance of a High Commission law and the Allies committed to some further discussions with the Germans on this problem. I may add incidentally that a number of the German technicians not concerned with the German political problem are rather anxious for the new arrangement to go through since Germany will get a substantial number of Swiss francs out of the liquidation agreement which was prepared last Spring.

The matter is being considered further both in Frankfurt and in Washington and there continues to be a certain measured optimism here about the eventual outcome. I think that this measured optimism is rational, although I am not sure just when the money will actually be in hand. The reasons for being optimistic about the eventual outcome came out during the course of my recent conversation with Mr. McClelland of the State Department and as a result of certain statements which he made in response to suggestions from myself.

a) In the first place, the Swiss themselves have shown some indication of desire actually to wind the matter up. There are substantial numbers of Swiss claimants against the funds which have been immobilized now for over five years. The Swiss Government itself is under considerable pressure to reach an agreement with the Allies to liquidate and utilize the Swiss 1/2 for payment of these Swiss claims.

b) I suggested to McClelland that the Swiss arguments were absurd since the Japanese Treaty of Peace contemplated that the Allies would not allow external assets to remain in the hands of countries like Japan and Germany, but would use them for reparations or similar purposes. (You will recall that the Japanese Treaty consigns such assets to the International Committee of the Red Cross for payments to ex-prisoners-of-war). I therefore suggested to McClelland that it might be appropriate for the Allies to make further representations to the Swiss and point out that the Japanese precedent as well as previous declarations with respect to Germany insured that there would be eventual disposition of the German external assets along similar lines and that, pending such eventual solution, the payment to the IRO could be made. McClelland indicated that he thought it might be difficult to get the British and French to concur but that it was quite clear that what I said was correct. He pointed out that the negotiations with the Germans on the surrender of the reserve powers in Germany would clearly take up, inter alia, the question of the German external assets and that it was the unshakeable position of the Allies that German external assets would have to be disposed of in accordance with previous Allied commitments; namely, the Washington Accord, the Paris Reparation Agreement and the Five Power Agreement.

McClelland indicated that these facts were being pointed out to the Germans at present and that it was expected that within the next month or so something could be worked out both vis-a-vis the Germans and with Stucki which would result in the implementation of the Accord and, as a first step, in payment of the sum due to the IRO.

4. Finally, I was assured by M. Vaidie of the French Embassy in Bern that the Allies had again during the present negotiations reiterated the primacy of the obligation to make payment to the IRO.

I shall, of course, be following this situation closely and shall keep you informed.

Sincerely yours,

Seymour J. Rubin

326256

*J. IRO*

COMP/1615

23 January 1951

Dear Sirs:

It is with pleasure that I write to advise you that through the good offices of the United States Government, the sum of Five hundred million Lire has been made available for the rehabilitation and resettlement of victims of Nazi persecution.

This sum has been transferred to a special IRO Reparation Account in Rome, and is now available for distribution for the purposes and in the manner prescribed in Article 8 of the Final Act of the Paris Conference on Reparations dated 21 December 1945, as implemented by the Five Power Agreement of 14 June 1946 and the Letter of Instruction issued by the French Government of 21 June 1946.

I am therefore instructed to inform you that this Organization is prepared to effect payment of your Agency's share as under:-

(a) 50% in U.S. Dollars

and

(b) the balance in Belgian and/or French Francs.

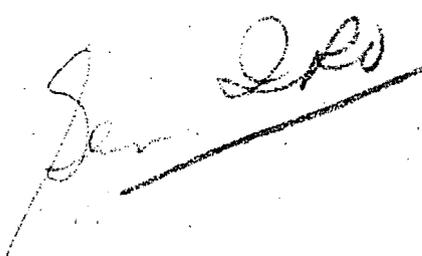
It would be appreciated if you would inform me with the least possible delay whether this offer is acceptable to your Agency.

Yours faithfully,

Clyde L. Hyssong  
Comptroller

The American Joint Distribution Committee  
119 Rue St. Dominique  
Paris 7, France

326257

  
January 8, 1951

To: Mr. Moses W. Beckelman, Paris  
From: Moses A. Leavitt  
Re: Reparations

I have your letter of January 3rd regarding the problem of the 10% Reparations for non-Jews relating to the Italian non-monetary gold problem. This was a matter we fought through last year and lost. Although we had the U.S. State Department on our side, the difficulty was that the British had one of the keys to the vault. It appears that the U.S. Military had very foolishly turned over one key to the British and kept one for itself. That put the British in the position of being a partner. They absolutely refused to have the money distributed. They claimed that the Italians were not in the 5 Power Reparations scheme and they therefore insisted that the Italian orphans benefit to one-half. This we agreed to and so did the U.S. Whereupon the British insisted that the distribution be not 90/10% but 50/50%. George Warren lost a delaying action and was finally forced to give ground until he stood pat at 50/50. We had hoped to settle at 80/20 and were prepared to go to 75/25 but the British won.

With reference to the second item, I shall take it up in Washington when next I go there, but I had heard of the proposal some time ago and I am afraid that here, too, we shall lose out. Although it is true that the 5 Power Agreement did not envisage beneficiaries other than those coming from Germany and Austria, since the money is available and since they have a tremendous problem of other non-Jewish refugees, I am sure that they will find a way to get around the Agreement. However, we shall fight it and hope that the State Department will take the same position.

Moses A. Leavitt

326258

AMERICAN JOINT DISTRIBUTION COMMITTEE  
119 RUE ST. DOMINIQUE  
PARIS

January 3, 1951

To: Mr. Leavitt  
AJDC New York

Re: Reparations

to us

There have been two developments reported/by Mr. Rice with respect to the Reparations Fund which you may want to mention to the State Department the next time you have occasion to see the appropriate people there. Both of them have the effect of deviating from the terms of the original Five Power Reparations Agreement in the interest of the non-Jewish beneficiaries of that agreement and to the possible detriment of the Jewish victims of Nazi persecution.

(1) The British Government has requested the views of the other participating governments with respect to a proposal to extend the eligibility of non-Jewish victims of Nazi persecution to include persons coming from countries other than Germany and Austria. The purpose of this would seem to be to make it possible to use up the 10% set aside for non-Jewish victims in the Reparations Agreement. It would seem that thus far because the number of non-Jews who are defined as victims of Nazi persecution under the terms of the Reparations Agreement is small, it has not been possible for IRO to use up the 10% set aside for this purpose from the proceeds of the Reparations Funds thus far realized. A number of administrative devices have already been invoked by IRO to facilitate the spending of this 10% but this official approach of the British Government is the first large-scale effort in this direction. The Jewish Agency particularly and we to a lesser extent, have been working on the assumption that in due course when it became clear that 10% of the Reparations proceeds could not properly be spent for non-Jewish victims, we would ourselves approach the Five Powers for an additional grant since the 90% available to us was obviously inadequate to reimburse the expenditures we had already made on approved reparations projects. If the British proposal is accepted this possibility of course disappears.

(2) You may have seen Mr. Rice's confidential letter to Dr. Schwartz in New York dated December 6, 1950. This letter refers to an unspecified amount of "Italian loot" (different from the amount of 500 million Italian lire which the State Department is handing over to IRO) which is to be realized in cash and made available for reparations funds. These proceeds will, however, not be divided in the same way as the proceeds of other non-monetary gold realizations. Instead 50% will be given to the Italian Government for aid to war orphans and 50% will go to IRO for reparations. We have no particular quarrel with the fact that 50% will go to the Italian Government. The point is, however, that the 50% which will go to IRO for reparations will be divided half for the non-Jewish organizations and half for the Jewish organizations instead of in the 90%-10% ratio of the Reparations Agreement. Just why this item is to be handled differently is not clear to us and perhaps Abba Schwartz can give you some further information.

Will you let us know: (a) whether you think this matter should be taken up with the State Department, and if so (b) what you find out as a result of your discussions with them.

M. W. Beckelman

326259

JDC Archive  
AC 41764 #3840

*pen I KO*

LAW OFFICES  
LANDIS, COHEN, RUBIN AND SCHWARTZ  
1832 JEFFERSON PLACE, N. W.

JAMES M. LANDIS  
WALLACE M. COHEN  
SEYMOUR J. RUBIN  
ABBA P. SCHWARTZ  
  
JAMES R. ZUCKERMAN

WASHINGTON 6, D. C.  
  
STERLING 3-5905

25 March 1954

Mr. Moses Leavitt  
American Joint Distribution Committee  
270 Madison Avenue  
New York, N. Y.

MAR. 26 1954

28374

RE: GERMAN EXTERNAL ASSETS, PORTUGAL,  
ET CETERA

Dear Moe:

At a lengthy meeting in the Department on March 23, it was agreed:

(1) that as soon as the IRO audit had been completed, we would get in to the Department the full story and argumentation on the Swedish Kroner exchange loss. This should be, subject to my Austrian commitments, in the next month or so. The Department will continue to plug vis-a-vis the French and British.

(2) that the Allies do continue to hold a Swiss franc reserve sufficient to cover both the amount involved in the Swedish kronor problem (about \$800,000) and the Portugese escudos (about \$3,200,000).

(3) that discussions are proceeding in Bonn re the Portugese matter, at this stage these talks being between the Allies and the Germans, who then are to start in seriously with the Portugese. I have previously given the Department all of the arguments with regard to the IRO obligation surviving the Hague agreement - a point which the Germans have now brought up. You may recall that I did a long memo on that subject at Wassenaar, which we never had to use. This point is apparently taken care of, but it has been suggested that I might go to Bonn for a talk with the Americans there if there is time on this expedition.

I shall probably also try to get to Bern and renew my contact with M. Vaidie, the French Finance man there. He is the real surviving expert in the Allied Governments, and was very helpful on the payment last year.

Regards,

326260

*SJR*  
Seymour J. Rubin

SJR/rs

# AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS  
JOINTFUND - PARIS

119, RUE SAINT-DOMINIQUE  
PARIS (VII<sup>e</sup>)

TELEPHONE { 87-83  
87-55  
INVALIDES { 79-37

Accounting Letter #3799-SS

March 9, 1954

To : AJJDC - NEW YORK - Attn: Mr. M. Laub & Miss M. Feiler

From : AJDC - EHQ - Accounting Department

Re : Audit on losses sustained by AJDC originating from 1949  
devaluation of currencies received from IRO Reparations Fund.

You are certainly aware of the fact that we sustained a considerable amount of losses in connection with the devaluation which took place on September 19, 1949 on certain currencies which we received from IRO Reparations Fund prior to the date of devaluation, and which remained unused on September 18, 1949.

Furthermore, there was an amount of Sw.Kr. 2,151,045.60 which we have received subsequent to the devaluation and on which we have sustained a loss of \$182,252.90.

Since the year 1949 the question of reinstating ~~of~~ this loss to AJDC (and other Voluntary Agencies) was raised several times with IRO.

During his stay in France in May 1953, Mr. Abba Schwartz told us that certain possibilities do exist to reimburse the various agencies for the losses they sustained.

On January 29, 1954 we have received an official notification <sup>from the</sup> Liquidation Trustee of the IRO, advising us that they have requested ~~from~~ the auditors of the Reparations Fund, Messrs. Peat, Marwick, Mitchell & Co. in England, to prepare a report on losses sustained by various Voluntary Agencies, evaluated in U.S. Dollars. In this connection, Mr. Benson of the IRO Liquidation Trustee has asked the Voluntary Agencies to submit to IRO, statements, certified by their auditors, of actual evaluations of losses sustained. This report was originally due by February 28, 1954.

IRO has submitted to us a form on which this report should have been prepared. Enclosed herewith please find a copy of this form as well as the form of the certificate which they suggested to be presented to them by the auditors.

26700

.... / ....

(x Voluntary Agencies)

Accounting Letter #3799-SS

March 9, 1954

When analysing this form, we came to the conclusion that it does not fit at all the JDC's purposes. I attach herewith a copy of my letter #1941 of February 9, 1954 addressed to Geneva, explaining the reason for which we will be unable to prepare our report on the form submitted to us by IRO, enclosing also a copy of the form I suggested to be used by us for this report. After this, I have exchanged several telephone calls with our Geneva office, and we finally decided that it would be best for me to meet in Geneva with Mr. Benson of the IRO, and Mr. Bosworth - the auditor of Messrs. Peat, Marwick, Mitchell & Co. -

I had the appointment with them in Geneva on March 2nd, and brought along with me a draft of a new form suggested in lieu of the one presented with my letter #1941. This new form resembled very much in its framework to the one suggested by IRO, and yet deviated considerably in its contents from their form.

Messrs. Benson and Bosworth who agreed with my arguments against the contents of their form have accepted my new version. Mr. Benson agreed that the audit report be presented between the 10th and 15th of March.

The delay of presentation of our report was caused by the fact that we required certain documents from our Oslo and Stockholm offices. However, the accountant of our Stockholm office was in the hospital for the entire month of February, and only returned to the office on March 1st. We received the entire material yesterday, and have prepared the necessary statements today. Mr. Most, of Loeb & Troper staff, has audited these statements.

In view of the fact that I am leaving tomorrow for Rome on some accounting problems, I will take these statements along with me in order to discuss them with Mr. Weismann who will afterwards air-mail them to Messrs. Loeb & Troper in New York. I hope that New York will return these statements to us immediately, so that we will be in position to submit them to IRO Geneva around the 16-18th of March.

I will air-mail to you tomorrow, a copy of the statement which shows that JDC sustained a loss of about \$198,000.- caused by the devaluation of Sw. Kroner chiefly, (and to a small extent by Norwegian Kroner). Other currencies which we have obtained from the conversion of Swedish Kroner: French Francs, Pounds Sterling, etc., were used prior to the date of devaluation.

Let's hope that we will receive full satisfaction from IRO, although Mr. Benson told me that it might take several months before we will have final results on the matter.

SS:bg  
Encl: 3

  
S. SHARGO

326262

LAW OFFICES  
LANDIS, COHEN, RUBIN, SCHWARTZ AND GEWIRTZ  
1832 JEFFERSON PLACE, N. W.

WASHINGTON 6, D. C.

STERLING 3-5905

JAMES M. LANDIS  
WALLACE M. COHEN  
SEYMOUR J. RUBIN  
ABBA P. SCHWARTZ  
STANLEY GEWIRTZ  
—  
JAMES R. ZUCKERMAN

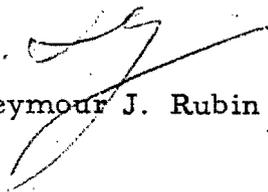
June 8, 1953

Mr. Moses Leavitt  
American Joint Distribution Committee  
270 Madison Avenue  
New York 16, N. Y.

Dear Moe:

Attached is a copy of a self-explanatory letter  
addressed to Congressman Javits on the subject of the  
IRO-German asset payments.

Sincerely,

  
Seymour J. Rubin

Encl.

26763   
JUN 9 1953

326263

C O P Y

DEPARTMENT OF STATE  
Washington

May 27, 1953

*Handwritten signature/initials*

My dear Mr. Javits:

Reference is made to your letter of May 11, 1953 and to the Department's telephone acknowledgment of May 20, 1953 regarding the sums remaining to be paid for the relief and rehabilitation of non-repatriable victims of Nazi action out of the proceeds of German external assets from certain neutral countries.

I wish to thank you for the congratulations which you extended to the Department for its part in obtaining a favorable settlement under the Swiss-Allied Accord on German External Assets.

The Swiss-Allied Agreement on German assets which was signed last August came into force on March 19, 1953 after the related Swiss-German Agreement was ratified by the Federal Republic of Germany. As provided in the former agreement, Switzerland, on April 2, 1953, paid to the Allied Governments the sum of 101,500,000 Swiss Francs after having deducted the sum of 20,000,000 Swiss francs as repayment for funds previously advanced by Switzerland to the IRO for the benefit of non-repatriable victims of Nazi action. With respect to the additional sum of 17,200,000 Swiss francs, following the submission of the recent Interim Progress Report of the Liquidating Trustee of the Reparation Refugee Fund some questions were raised regarding the precise exchange rates at which earlier sums were transferred and consequently the dollar equivalent of the amount already paid. The Liquidating Trustee has, however, recently submitted clarifying information which has been reviewed and accepted by the Department, but, so far, the appropriate British officials have not completed their review. The Department is hopeful that the British review will be completed in the very near future and that payment of these funds can then be made without further delay.

In addition to the foregoing information, it will be of interest to you to learn that last January the three Allies reached an agreement among themselves recognizing the obligation incurred under Article 8 of the Paris Reparation Agreement to make available to the specified refugee agencies the full amount of the prescribed \$25,000,000. In addition, the three Allies are making further efforts to obtain the 100,000,000 escudos. In this connection, negotiations began with the Portuguese Government on May 22 in Lisbon for the purpose of reaching a settlement of the German asset problem. Every effort will be made to obtain early payment of the 100,000,000 escudos.

The Department appreciates your interest in this matter.

Sincerely yours,

The Honorable  
J. K. Javits  
House of Representatives

For the Acting Secretary of State:  
Thruston B. Morton  
Assistant Secretary

326264

American Jewish Committee  
386 Fourth Ave., New York 16, N.Y.

Landis, Cohen, Rubin, Schwartz and Gewirtz

1832 Jefferson Place, N.W.

Washington 6, D. C.

March 13, 1953

Dr. Eugene Hevesi  
American Jewish Committee  
386 Fourth Ave.,  
New York, NY.

Dear Eugene:

I write with reference to the Swiss-Allied accord and the anticipated 17 million franc payment to the IRO.

The German parliament has ratified the new Swiss-German agreement. The exchange of ratification between Germany and Switzerland is scheduled to take place on March 19th. Soon thereafter the Germans will pay a sum in excess of 100 million Swiss francs to the Swiss government, following which the Swiss government will make payment to the Allied governments in their bank account in Berne, from which the Allied governments will make the 17 million franc payment to the IRO.

I have been busily engaged the last several days in working out the mechanics of the transfer to the IRO as soon as the funds are available to the Allied governments. I anticipate an exchange of letters between the IRO and the State Department which will permit the immediate payment by the Allied governments to IRO within a few days after receipt of the funds by the Allies.

It is likely that I will leave for Berne around the 25th of March in order to meet Mr. Kingsley, who has arranged to arrive there at that time on his way back from Tokyo, in the hope that he and I together at that time may effect the transfer of funds to IRO. I anticipate that within a matter of days of receipt of the funds by IRO we will conclude from Geneva the payment of the long-awaited portions which are due to the Jewish organizations.

As I previously advised you, the Allied governments have agreed to retain a reserve in Swiss francs equivalent to 100 million escudos, which reserve will be paid over to the IRO in the event that the Portuguese settlement, which is still pending, fails.

In the absence of unforeseen difficulties I anticipate that the IRO will have its funds and will have made payment to the Jewish organizations before the 15th of April.

With kind regards,

Sincerely,

326265

s/ Abba Schwartz

C o p y

I. R. B.

17 June 1952

Dear Adler-Rudel:

In reply to your inquiries about records concerning Jews, the best I can do is the attached summary. We have not consistently kept Jewish affairs segregated from others.

The Board of Liquidation seemed in favour of the preservation of our archives providing that it is not too costly. They asked Col. Cound to approach United Nations to see if U.N. would assume responsibility in due course. I think everything should be in order.

Please let me know if you want more information.

Yours sincerely y

M. Hacking

326266

CJN/bes.

17 June 1952

To: Mr. L.M. Hacking, Chief Historian

From: Dr. C.J.NIEC, Archives Supervisor.

Re: Notes on Documents in IRO Archives pertaining to the question of Jewish refugees and organizations, and IRO activities in Israel, formerly Palestine.

1. Documents pertaining to the a-m question are placed in the Archives according to the system, and not assembled in their entirety in any specific block.

2. Through cross references, index cards pertaining to the documents placed in other blocks but reflecting on the composition of the Jewish refugee group, will be found in the index card catalogue under Block No. 31.

3. The following blocks include documents related to the a-m-question:

a) In the Archives proper:

- Block 31/2 : Pre-war refugees from Germany and Austria-including the Jewish group.
- Block 31/5 : Post-war Jewish refugees and Jews liberated in Germany and Austria.
- Block 32 : Some scattered information on eligibility problems of Jewish refugees who went to Palestine but applied for a resettlement opportunity.
- Block 33/3 : Some documentation on the activities of IGCR and UNRRA in respect of the Jewish group.
- Block 34/2 : Care and maintenance in assembly centers -Jewish assembly centres included. Inspection reports, etc. (Documentation on Jewish camps not separated from others).
- Block 35/6 : Activities of Jewish vol. societies in regard to rehabilitation.
- Block 37/2 : Scattered information on educational activities in Jewish camps.
- Block 38/5 : Religious assistance to the Jewish group and problems of supply of Koscher meat.
- Block 39 : Scattered information on Jewish children - not separated from other.
- Block 40/2 : Jews in India and Afghanistan.
- Block 41 : Scattered information on Jews repatriated.
- Block 42/2-4: Resettlement in Israel, formerly Palestine, on Mass. Individual or RPS Schemes.
- Block 44 : Information on restitution, indemnification, unblocking of assets and claims for Nazi wrongs (Jewish and non-Jewish cases not separated)
- Block 46 : Hard-core program and action in Israel.
- Block 47 : International Tracing Service Documentation (Jewish and non-Jewish cases not separated).
- Block 48 : Reparation Fund activities (idem).
- Block 49 : Public Information and DP Press. Scattered information on Anti-Semitism, especially rebuttal of adverse publicity on order in Jewish camps.

- Block 51 : Some statistics on the Jewish group.
- Block 52 : Documentation on cost of resettlement to Palestine.
- Block 53 : IRO's status in Israel ( Palestine) and agreements pertaining to this territory.
- Block 54/1 : IRO assistance to UNWRA
- Block 55/2 : Situation in Israel (Palestine). General reports on conditions as affecting refugees and IRO's work.
- Block 55/3 : Agreements, activities, policies of vol-agencies including Jewish agencies,
- Block 56 : Scattered complaints from Jewish camps, etc.

b) Documentation:

- Block 26 : Documentation on World Jewish Congress, AJDC JAIFP.
- Block 60 : General documentation on restitution.
- Block 62 : General documentation on unblocking funds.
- File 15/22 : Questions of Nazarenes.
- File 15/8 : General documentation of Palestine problems.
- A & B
- File 15/  
54 : Situation of Jews in Arab countries and N.Africa.
- File 15/9 : UNRRA documentation -infiltration into camps (concerning also Jewish groups).

sgd C.J.Nief,  
Archives Supervisor.

326268

COPY

INTERNATIONAL REFUGEE ORGANIZATION

Palais Wilson Genève

February 4, 1952 MAR. 10 1952

*Handwritten notes and signatures:*  
A large signature at the top right.  
Below it, "JAC" and "M".  
Further down, "JVS" and "AFM".  
At the bottom, "Photo E2" circled.

Dear Mr. Beckelman,

This letter will confirm the agreement reached in my office this afternoon respecting all outstanding claims of the AJDC against the IRO which were either reserved by you or not covered in the other resettlement and "hard core" agreements between us. More specifically, I refer to claims explicitly excluded from earlier settlements, among them your claims for reimbursement for the movement of eligible neo-refugees before the lifting of the date-line (\$400,640); for movement of IRO eligibles to the United States prior to March, 1949 (\$750,000); for care and maintenance of IRO eligible refugees in Shanghai (\$3,000,000); for the movement of IRO eligibles on landing permits to Australia (\$1,258,236); for the movement of IRO refugees out of Sweden (\$240,050).

There are also a number of smaller claims which you have presented at various times in the past. It is not, however, my intention to make a complete recapitulation at this time, but rather to conclude a final, definitive and all-inclusive settlement of all past, present and future claims whether or not they have hitherto been presented by you.

As I told you this afternoon, I do not recognize the legal validity of a large proportion of these remaining claims, such as those for the movement of Landing Permit Holders for Australia, for example. At the same time, the Organization does recognize that you have had to bear the transportation costs of a much larger number of IRO eligible refugees than has any other agency. Therefore, in addition to my desire to clear the books and to have no further claims presented during the period of the Organization's liquidation, I do recognize a moral obligation to offer at least a token payment against the sums you have expended on the transport of IRO refugees. I know, in view of the size of the residual problem being left to you, that any payment IRO can make will cover only a small fraction of the amounts you will be spending this year on behalf of IRO eligibles.

I am, therefore, prepared to make you what I can only term as an ex gratia payment of two hundred forty-five thousand dollars. By accepting this payment, you in turn agree to cancel all past, present or future claims against the Organization and not to press any such claims against the IRO Liquidator.

Mr. M. W. Beckelman,  
European Director,  
American Joint Distribution Committee,  
119 rue St. Dominique,  
Paris 7.

326269

Mr. M.W. Beckelman

February 4, 1952.

It is understood, of course, that your acceptance of these terms of settlement will in no wise prejudice your equitable sharing in any distribution of residual assets to voluntary agencies which may be made in the future.

If you will indicate your agreement to the terms outlined in this letter and designate the account into which these monies should be paid, I will effect prompt settlement.

Sincerely yours,

(sgnd)

J. Donald Kingsley  
Director General

Copy for Mr. M.W. Beckelman  
Mr. M.A. Leavitt  
Mr. Charles Jordan



326270

JDC Archives  
AR 45/64 #3850

for your approval

*Pa. I Row*

*merchandising  
committee*

RESOLUTION OF THANKS TO RAY KRAMER

WHEREAS, we the members of the Administration Committee of the Joint Distribution Committee, have learned that the Merchandising Advisory Committee has completed the sale of the Hungarian assets, known as the Gold Train and has already submitted a final report of these successful transactions to the International Refugee Organization, and

WHEREAS, we are fully aware that the very substantial sum raised from the sale of these assets, totalling more than \$1,867,000, is owing chiefly to the magnificent effort put forward by Mr. Ray Kramer, chairman of the Merchandising Advisory Committee, and

WHEREAS, we are convinced that his public-spirited service which yielded such noteworthy results has aided immeasurably in rebuilding a decent life for thousands of victims of Nazi persecution;

THEREFORE, BE IT RESOLVED that we the members of the JDC Administration Committee hereby record our profound gratitude to Mr. Kramer and the members of his committee in the name of the Joint Distribution Committee and the still needy Jews abroad, and

BE IT FURTHER RESOLVED that a copy of this resolution be sent to Mr. Kramer.

#

*file*  
*E. M. W. has forwarded*  
*matter to New Assembly*

MERCHANDISING ADVISORY COMMITTEE  
TO THE  
INTERNATIONAL REFUGEE ORGANIZATION  
119 West 40th Street  
New York 18, N.Y.

*Handwritten:* [Signature] [Signature] [Signature]  
*Handwritten:* Pen I.R.O. [Signature]  
*Handwritten:* Merchandising [Signature]  
*Handwritten:* Com  
October 26, 1950

TO ALL COMMITTEE MEMBERS:

This report finally completes the work of the Committee which is now three years old almost to the day.

We have received additional funds from the following sources:

Customs Refund	\$ 8,376.66
Sale of Amber	15.96
Sale of Pipes	59.75
Sale of Platinum	1,280.96
Sale of Palladium	1,083.71

Expenditures have been \$76.70 consisting of reimbursements to Sullivan and Cromwell for out-of-pocket expenditures.

A final check for \$17,017.93 has been forwarded to the I.R.O. and our bank account closed. Total remittances have been \$1,867,017.93, - \$10,000.00 of which was advanced by the I.R.O. when the Committee was formed.

The Committee is dissolved.

Again many, many thanks for your help.

R. C. KRAMER  
Chairman

326272

~~MERCHANDISING ADVISORY COMMITTEE~~  
~~TO THE~~  
PREPARATORY COMMISSION  
INTERNATIONAL REFUGEE ORGANIZATION  
119 West 40th Street,  
New York 18, N.Y.

June 1, 1949

TO THE COMMITTEE:

Although we have had a number of conversations in recent weeks, we have not as yet concluded any further sales of substance. As you have been previously informed, our remaining stocks consist primarily of silverware and a few parcels of odds and ends.

\$100,000 was sent to Geneva since the last report bringing the total proceeds remitted to date to \$1,500,000.

A cash report as of June 1, 1949 follows:

<u>CASH BALANCE: 4/19/49</u>		\$ 85,709.13
<u>CASH RECEIVED:</u>		
Additional cash on sale of gold watches	\$ 208.03	
Additional cash on Parke-Bernet Dec. Sale	254.67	
Additional cash on Kende auction	209.56	
Refund of Customs Duties paid	423.47	
Final payment on Beshany silver contract	5,316.45	
Insurance settlement of damaged rug claim	10,976.28	
Sale miscellaneous gold jewelry to Marcus and Co.	755.00	
Sale silver scrap to Irvington Refinery	<u>6,859.35</u>	
Total:	\$ <u>25,002.81</u>	<u>25,002.81</u>
		\$ 110,711.94
<u>CASH DISBURSED:</u>		
Office Expense	150.00	
Transfer to Geneva	<u>100,000.00</u>	
Total	<u>100,150.00</u>	<u>100,150.00</u>
<u>BALANCE: 6/1/49</u>		<u>\$ 10,561.94</u>

R. C. KRAMER  
Chairman

326273

*mw MAT at IDC*  
*Wh*

MERCHANDISING ADVISORY COMMITTEE  
TO THE  
PREPARATORY COMMISSION  
INTERNATIONAL REFUGEE ORGANIZATION

119 West 40th Street,  
New York 18, N.Y.

April 19, 1949

TO THE COMMITTEE:

We finally received payments for our gold watches. As you have been told previously the watches could not be sold as watches because of their bad condition, customs and marking laws and trade mark problems. They were sold for their gold content at \$41.00 an ounce net to the Committee. The gold content was determined by Johnson Matthey & Co. Ltd., London assayers and checked by N.M. Rothschild & Sons in London.

We now have practically nothing left to sell except silver and securities of doubtful value.

Since the last report we sent \$300,000 to Geneva, bringing the total of the payments made to \$1,400,000. *see next page*

A Cash Report as of April 19th follows:

CASH BALANCE 3/4/49 \$39,380.14

CASH RECEIVED:

Sale Silver	\$65,000.00
" "	45,000.00
" Jewelry	92.42
" Metal watches - in bond	3,904.75
" Gold watches	183,977.86
" Securities	574.08
" Silver Scrap	48,428.60
" Vase-Parke Bernet	<u>16.70</u>

TOTAL	346,994.41	<u>346,994.41</u>
		386,374.55

CASH DISBURSED:

Office Expense	103.17
Expense-Dismantling Watches	562.25
Geneva	<u>300,000.00</u>

TOTAL	300,665.42	<u>300,665.42</u>
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BALANCE 4/19/49 \$ 85,709.13

**326274**

Several sizable sales have been made since the last report. We sold \$65,000 worth of silver to one buyer and \$45,000 to a second buyer. Our entire stock of non-precious metal watches were sold at 25¢ per watch. These sales were all made in bond, with buyer assuming all charges and problems of entry to the United States.

R. C. KRAMER  
Chairman

326275

DCS

John LRO  
Merchandising  
Com

March 9, 1949

Mr. Frederick F. Grubel  
American Joint Distribution Committee  
119 Rue St. Dominique  
Paris 7, France

Dear FFG:

I am attaching hereto copy of the cash report as of March 4, 1949 which we received from R.C. Kramer, Chairman of the Merchandising Advisory Committee IEO. I doubt whether you receive these statements in Paris although you saw them regularly here in New York.

The Accounting Department advises me that the following has been received on account of non-monetary gold transactions:

February 1948 - United States.....	\$260,000.00
April 1948 - London - £15,120.....	60,933.60
May 1948 - United States (Total received \$300,000.).....	89,268.00
November 1948 - United States.....	<u>200,000.00</u>
Total Non-Monetary Gold received in 1948.....	<u>\$610,201.60</u>

It is difficult to trace how much of these receipts are applicable against the \$1,100,000. which Mr. Kramer indicates he has remitted to Geneva as of March 3, 1949. Of course, 10% comes off that amount for non-Jewish purposes which means that there will be available to the JEC and Jewish Agency \$990,000. of which we get 40% or \$396,000. Can you ascertain how much of the \$610,201. applies against the sales of Mr. Kramer's Committee. I understand from a letter which we had from Melvin Goldstein that we can expect to receive to receive another \$100,000. - \$150,000.

I doubt whether the IEO retains any sizeable balances but as you know we are continuously faced with cash problems and I would like to get all that is due us.

Kindest regards,

Yours sincerely

Evelyn M. Morrissey

EMM:rl

326276

MERCHANDISING ADVISORY COMMITTEE  
TO THE  
PREPARATORY COMMISSION  
INTERNATIONAL REFUGEE ORGANIZATION

119 West 40th Street  
New York 18, N.Y.

March 7, 1949

TO THE COMMITTEE:

No report was submitted at the first of the month because several important transactions were pending at that time which it was desirable to definitely finalize before reporting.

You will recall that in July of last year, a contract was made for the sale of a vast quantity of silver. \$25,000 was paid at the signing of the contract. It soon became apparent that the buyer would have difficulty in taking up the contract but in October he made payment of \$100,000 against which \$80,000 of silver was delivered. He was then unable to complete the contract and we held \$45,000 of his money.

The same syndicate contracted to buy a large quantity of gold, enamel and metal watches and again deposited \$25,000. They took delivery of and paid for the enamel and metal watches, but for various reasons could not take delivery of the gold watches.

We thus held \$70,000 of cash (\$45,000 from silver and \$25,000 from watches.) A settlement has been entered into whereby we will deliver silver of our selection to an agreed upon value of \$55,000 in complete settlement of these contracts and retain as a forfeiture, \$15,000.

A new contract was entered into in January for the sale of the gold watches referred to above, at a slight increase in price above that at which they were previously sold and a deposit of \$5,000 was received.

326277

The buyer was unable to complete the contract and forfeited the \$5,000.

The watches were again resold in February at a still higher price and a letter of credit in payment therefor secured. The total price is to be determined by an assay of the gold in London. The watches have been shipped and we are now awaiting the assayers' report.

No commissions were paid on any of the above transactions. It is interesting that the forfeitures by buyers, of deposits amounting to \$20,000 are several times the amount of the out-of-pocket expense directly incurred by the Committee.

Price, Waterhouse & Co. began the audit of the Committee's books on March 3, 1949.

The following letter was received from Hallam Tuck, Director-General of the International Refugee Organization:

"Dear Colonel Kramer:

On behalf of the International Refugee Organization, I wish to express our sincere congratulations and deep appreciation for the accomplishment of yourself and your Committee on reaching a total of \$1,000,000 transferred to the IRO, from the sale of looted non-monetary gold.

We are bringing the excellent work of the Merchandising Advisory Committee to the attention of the General Council of the IRO when they meet in March, and I am sure that they will wish to add their commendations.

Your substantial assistance in this most humanitarian programme is deeply appreciated.

Yours sincerely,  
(s) W. HALLAM TUCK  
Director-General"

326278

The Cash Report as of March 4, 1949 is as follows:

CASH BALANCE (1-31-49) \$ 73,162.53

CASH RECEIVED:

Silver Scrap	\$47,422.51	
Platinum Scrap	1,399.87	
Gold Scrap	178.12	
Kende Auction	17,061.19	
Damaged Rugs	<u>243.50</u>	
Total Received	\$66,305.19	<u>66,305.19</u>

\$139,467.72

CASH DISBURSED

Office Expense	\$ 26.58	
Legal Expense	61.00	
To Geneva	<u>100,000.00</u>	
Total Disbursed	\$100,087.58	<u>100,087.58</u>

CASH BALANCE (3/4/49) \$ 39,380.14

The \$100,000 remitted to Geneva on March 2, makes the total payments to date \$1,100,000.

R. C. KRAMER  
Chairman

A.T.  
How much have we received?

\$ 549,000 -

from Westminster to Chase Bank N.Y.  
\$ 60,900 deposited Westminster Bank

File Pen IRO  
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2

MERCHANDISING ADVISORY COMMITTEE  
TO THE  
PREPARATORY COMMISSION  
INTERNATIONAL REFUGEE ORGANIZATION

JULY 20, 1948

TO THE COMMITTEE

Gentlemen:

In my letter of June 30, I mentioned that we were negotiating a substantial sale. That sale has just been consummated. I would have preferred to have the full Committee pass on it, however time was of the essence, the season made a quorum difficult to obtain and I was able to secure approval from Mr. Puckett and Mr. McKim, members of the Executive Committee. Mr. Kasper the other Executive Committee member is in Europe.

You will recall we have in excess of twenty tons of loose silver flatware. This is piled in wooden cases, unassorted, not marked, and in all kinds of patterns, condition and types. Every expert who has looked at it has recommended smelting it for silver value. Many tons were smelted in Europe. If it was smelted, we estimate we would receive less than 40 cents an ounce of gross weight after foreign metal was extracted and costs of smelting and transportation paid. We have sold 20,000 pounds of this silver at 75 cents a troy ounce gross weight.

We have many tons of hollow or bulk silver. We have selected thousands of pieces for Parke-Bernet and Freeman sales but more than an estimated twenty tons remain. To sell all we have through normal channels without breaking the market would take years. On some of the silver we sold at Parke-Bernet we did not receive silver value after deducting duty and selling expense. We have sold 35,000 pounds of this hollow-ware for 75¢ a troy ounce gross weight.

326280

*MWB*

MWB

① MR LEAVITT

December 12, 1951

② MR LANS

③ Return to MWB

*for JRO*

To: Mr. Charles H. Jordan

From: Jerome Jacobson

Re: Effect termination of IRO Agreements - Ref. OGC/GEN/27

Your memo of December 10, 1951, requests reviewal of our outstanding IRO Agreements in the light of notification from IRO recently to anticipate notice of termination of these Agreements on fairly short advice.

*there is also the basic general agreement*

I have examined all of our files which contain documentary material relating to relations with IRO, and would point out that in general three sets of Agreements exist, namely the Hardcore Agreement, the Israeli Migration Agreement of November 50, and the Final Resettlement Agreement for Countries other than Israel, as obtained in an exchange of correspondence between IRO and JDC of June 5th and June 15th, 1951. In addition, there are supplemental letters or exchanges of correspondence, the effect of which has been to carry over terms of earlier agreements as subsequently modified by IRO field practices, and letters from IRO which tend to define responsibilities and relationships under our above mentioned agreements in the light of other Agreements which IRO has with governments. For the purpose of setting forth in detail the types of problems, responsibilities or actions which the termination of relations with IRO will give rise to, I shall deal with these Agreements individually.

(1) The Hardcore Agreement

(a) The termination of contractual relations with IRO will in no way affect the existence of our Hardcore Agreement but will in fact impose greater financial burdens upon JDC. The principal nature of our obligation under the Hardcore Agreement is that within the limit of our resources and as long as we are in operation we will assume full responsibility for the total institutional hardcore caseload as long as it requires care or treatment permanently and satisfactorily established under other auspices. Our responsibility for this hardcore extends to all places of IRO operations in those areas where IRO has agreements with governments.

On the question of where government agreements exist as to relieve JDC obligations, we have correspondence from Pierre Jacobsen of 1 May 1951 in which sets out that IRO has concluded agreements with France, the Netherlands and Luxembourg, the effect of which is that those governments will take care of the Hardcore problem within their countries. Hence, so far as these three countries are concerned, in principle the Hardcore Agreement and termination of relations with IRO should not impose any burden upon us. So far as Belgium is concerned, it is of a character similar to the above mentioned three, in that here IRO has undertaken to make agreements directly with Vol. Agencies in Belgium for the care of hardcore cases there, and indicates that it has in fact made such an agreement with AIVG for Jewish cases. Insofar as Switzerland is concerned, Pierre Jacobsen in his letter to us as well as in his letter to Mr. Heim has stated the IRO interpretation to the effect that the agreement with Switzerland would necessitate that the Swiss Government maintain its normal level of care and assistance to hardcore cases previously committed to Switzerland, and that these cases would not be forced out of Switzerland by the government. I believe that in practice we find greater

difficulty having the Swiss Government assume that degree of responsibility for Jewish hardcore cases which IRO states falls upon the Swiss Government under its agreement.

(c) An important impact upon us under this Agreement will arise with the termination of IRO institutional care and maintenance for hardcore cases. Under our agreement IRO has the responsibility during its lifetime to provide care and maintenance for Jewish institutional hardcore cases. The termination of IRO facilities in this respect places squarely upon JDC the responsibility for providing that care and maintenance which has heretofore been furnished by IRO. It is, therefore, for purposes of evaluating the effect of this responsibility all areas of IRO operation should immediately be queried by us to ascertain the magnitude, facilities and costs involved for the institutional care and maintenance of Jewish hardcore cases.

(d) Another problem which will arise with the termination of IRO services, though perhaps not significant in practical terms, will be the resettlement transition for hardcore cases destined for places other than Israel. This is a problem of the same character as will be dealt with later on in connection with the termination of IRO services. It is, however, essential to point out that under the existing Agreement hardcore cases accepted for resettlement in countries other than Israel would be transported by IRO at its expense, and the termination of IRO services will present JDC with a financial responsibility.

(e) A collateral question which deserves special emphasis by reason of the continuance of care and maintenance for hardcore cases is involved in the Malben-Israeli Government Agreement concerning the IRC hardcore. Under this Agreement JDC has paid 1 1/2 million dollars to the Israeli Government (which has received the counterpart in Israeli pounds), for which the Israeli Government has undertaken to provide entry and visas for 1,000 IRO hardcore cases and in addition for their family members and dependents (of cases previously received), provided that Malben indicates the availability of facilities for such cases. To date I doubt whether any sub-numbers have been admitted to Israel within the framework of this agreement. However, the termination of IRO facilities points up the problem and vigorous action in favour of enforcement of the Israeli Governmental Agreement should be pursued as a means of reducing to the fullest possible the JDC institutional hardcore caseload in countries of IRO operation. Here one shall have to evaluate whether in the long run it is from JDC's point of view to care for these cases where they are or to place them under Malben care (provided they are willing to go to Israel). It also should be pointed out that whereas the immediate costs of Israeli resettlement to JDC are doubtless greater in Israel as compared with the DP areas, it must be borne in mind that the lifetime of JDC responsibility for these cases will probably be of shorter duration, since a turnover to the Israeli Government is foreseen, than would be the retention of JDC responsibility in the present areas. In any event, thought will have to be given fairly soon to the question of what permanent institutional installations JDC should make provision for in the DP countries.

To Hov. 20  
181 Hardcore Cases  
Dependants

For 1952  
Yes

They exist, for the most part.

326282 /.....

(f) Further, under our Hardcore Agreement with IRO, JDC is to receive a proportionate percentage of the contributions to be made by the Italian Government in accordance with the IRO-Italian Supplemental Agreement of November 14, 1950, which contributions should be for Jewish hardcore cases remaining in Italy. An examination of the IRO-Italy Agreement of November 14, 1950, indicates that the Italians agreed to assume responsibility for the material assistance for 9,500 persons through the schedule within that Agreement does not spell out 9,500 but rather 8,600 out-of-camp refugees (as of February 1, 1951), 4,200 in-camp assistance for refugees located in five designated camps (as of February 1, 1951) and a total of 1,000, including dependents, institutional hardcore cases. The Agreement referred to makes no explicit provision as to what the Italian Government should contribute for each of the categories of refugees but states that this question is subject to a further special agreement to be made between Italy and IRO. We have no indication whether such a special agreement has ever been made and, if so, what are its contents. However, the reference to 350 Lire per day, which has been used in discussions with IRO, relates in the Agreement of November 14, 1950 to the level of assistance which IRO agrees to provide for the in-camp refugees up to the point when the Italian Government takes over the responsibility for material assistance. In any event, since the question has not been handled with the Italian Government and IRO by our office, I think it is timely to resolve the question of the amount of Lire which we should receive from the Italian Government for the care of Jewish hardcore cases who shall remain in Italy.

(g) The Agreement leaves further responsibility for us to work out the details of financial contribution to other agencies such as USNA who assume responsibility for the maintenance and establishment or resettlement of Jewish hardcore cases.

It should be noted too, is that the Hardcore Agreement is not intended to preclude JDC from seeking assistance for hardcore cases from the government or international agencies who may make provision for such cases generally.

(2) Israeli Migration Agreement

A change of correspondence of November 1950 between IRO and JDC placed upon JDC full responsibility for all past, present and future movements to Israel. In addition, JDC assumed responsibility for all resettlement and re-movement of Jewish refugees from China as from October 27, 1950, with the exception of the movement of ex-China refugees emigrating to the USA. For this Agreement JDC received the full IRO appropriation of \$10,250,000. We had at one point been negotiating with the Jewish Agency for a lump sum payment to them for the JAFFP's all our outstanding responsibilities for these movements, but so far no final agreement has been reached with the JAFFP on this subject.

*Flow means that both legally and practically, as soon as we can move to JAFFP is used up, we can argue that we have no further liability to them for movement of the right*

It could be pointed out that in view of the terms of this Agreement a claim available to JDC against IRO for Israeli movements during the first half of 1952, for which time IRO anticipates remaining in resettlement activities. I believe that Mr. [Name] has been instructed that we do not intend to make claims in connection with this point.

The termination of IRO, therefore, will present no new problems for JDC insofar as the expense of Israeli migration is concerned.

(3) The General Resettlement Agreement (non-Israeli)

By exchange of correspondence dated June 5 and 15, 1951, IRO took over responsibility for all resettlement other than to Israel, and JDC was removed from providing resettlement facilities as the agent of IRO. However, the cost of such resettlement undertaken by IRO was naturally borne by IRO, and the termination of activities will mean that resettlement of Jews will no longer be borne financially by IRO, and to the extent that this cost is not in part assumed by the new migration agency, it will mean a new financial obligation upon JDC for resettlement expenditures. If it has not already been done, the Emigration Department should furnish estimates of 1952 emigration and costs so as to provide some basis for evaluating the financial magnitude of this new burden.

*Done*

There is one small technical point to be noted, namely that this Agreement under its terms is terminable on thirty days notice, and we probably could argue with IRO that we are entitled to notice of that duration as a means of IRO being relieved of responsibility for resettlement of Jewish cases. You will appreciate that this is an unenforceable kind of argument.

(4) In addition to the three principal Agreements set out, the letter from Pierre Jacobsen of 1 May 1951 confirms the continuance to JDC of logistical support, distribution of surplus supplies or similar aid during the remainder of IRO's period of operations, which in effect constituted a continuance of earlier agreements with IRO on facilities, privileges, etc. for JDC. The closure of IRO will doubtless constitute an important impact upon JDC, in that a number of services and facilities of important value have been furnished by IRO and will have to be borne by JDC in future. I believe it is useful to enumerate some of the items which we have been receiving from or through IRO without cost and in varying degrees in different countries, so as to indicate the extent of the question.

*This is the general agreement mentioned on p. 1.*

Insofar as migration is concerned, IRO field offices have in the past reimbursed JDC for the documentation and medical examination costs involved in processing Jewish cases. Further, IRO has provided maintenance for vehicles, petroleum, oil, lubricating supplies, tires, free office space, free warehousing, garaging, office equipment and supplies, furniture, and in some instances the salaries of local personnel have been borne through IRO facilities. In addition, JDC organizationally has enjoyed immunities for taxation on its supplies, its activities and its personnel, has received free transport of supplies by rail, and JDC staff has received amities, privileges, travel facilities and special travel documentation. Also, in some cases the local staff of JDC has been included in special social insurance schemes, received special meals and amenities. In addition to this, IRO supplies in the form of food, clothing, etc. have been furnished for Jewish refugees and DPs. If it has not already been done, I think that we should circulate all country offices where IRO operates to secure a detailed breakdown of the facilities, services and privileges which JDC has been getting heretofore from IRO together with an estimate of costs.

In the same connection it may be useful to enquire whether any discussions or steps are under way by which other international agencies or the governments of the place in question are considering taking over responsibility for some or all of these facilities. Moreover evaluation shall have to be given to which or what quantity of IRO facilities can be dispensed with once IRO closes. The residual question which shall have to be answered is what increase in budgetary requirements will exist for JDC as a consequence of having to continue these activities itself.

Perhaps of equal importance to the question of financial burden is the one of special privilege and facility which JDC has enjoyed as an affiliated voluntary agency of IRO, and what provision, if any, is being undertaken to secure future special treatment. I know that in Austria for example, Mr. Trobe is making progress in negotiations to be accredited as an agency cooperating with the U.S. High Commission there so as to provide special status for JDC. However, in Germany, while JRSO is actively pursuing the problem of securing a favoured status for itself under the future contractual relationship with Germany, I am afraid that no thought at all has been given to this subject by JDC, and it may be useful for Mr. Beckelman, while in New York, to discuss this subject with a view of having it taken up separately with the State Department.

*Wemyss  
agreed to  
provide  
limited  
support  
1951*

(6) Other claims against IRO

Apart from the foregoing question of Agreements there remain three areas of JDC claims against IRO which require negotiations with the view to securing financial contribution from IRO before its final closure.

- (a) We have open the large claim against IRO for Australian emigration.
- (b) We have for settlement the claims of JDC against IRO and IRO against JDC which arose prior to June 16, 1951 (the takeover date by IRO of responsibility for all Jewish resettlement other than to Israel).
- (c) The nebulous claim for a contribution of surplus supplies and funds for unfulfilled resettlement of DPs and refugees for whom no provision is made by IRO as of its closure, and for which no successorship organization may be expected to provide resettlement opportunities.

(6) There are four other areas of relations with IRO where the final closure of IRO will present questions of some importance to JDC, and these items are therefore noted though they do not flow directly from existing agreements between IRO and JDC.

- (a) IRO has heretofore provided supplies, facilities or amenities to agencies otherwise subventioned by JDC such as ORT. To the extent that these subventioned organizations are still receiving some type of assistance from IRO of a monetary value in countries of IRO activity, we may expect such subventioned organizations to turn to JDC to provide financial assistance to replace the facilities otherwise lost through IRO. We should in any case be aware of this question as a source of possible problem.
- (b) Legal and political protection for refugees and displaced persons is adequately taken care of under the responsibility of the U.N. High Commissioner for Refugees.
- (c) The records and archives of IRO will doubtless contain many original documents which are of importance to refugees for the purposes of proving some time in future their place and date of birth, their origin or statelessness, their marriage, the death of members of their family, the birth of children, etc. Such documents are important for purposes of establishing citizenship, freedom to contract marriage, proof of inheritance, etc. The question ought to be taken up in conjunction with other Voluntary Agencies with the view to having IRO find some machinery that will at least preserve such records for the benefit of refugees and DPs or, alternatively, to have such records returned to the refugees and DPs.

*Ask Kinsley  
what the IRO  
Council decided  
to do about  
this.*

(d) The problem of continuing the terms and supervisory responsibility arising from the Five-Power Agreement of June 1946.

*100,000,000*  
Under the Five-Power Agreement a portion of German funds were to be made available for the relief and rehabilitation of stateless victims of Nazi actions. 90% of these funds were to go to the Jewish Agency and the JDC in the proportion of 60% and 40% respectively. There is outstanding a claim against Switzerland for 17½ million Swiss Francs, and Portugal for approximately 10 million Escudos, which may not be received by the Director-General of IRO as of the date of the final closure of IRO.

In addition to the foregoing assets is the request of the five governments recommending that heirless and unclaimed assets of German persecutees found in neutral countries should be dedicated 95% for Jewish purposes and 5% for non-Jewish purposes. As to this latter recommendation the Director-General of IRO was given responsibility to intervene with the neutral governments.

*Proceeded Kingsley sets the job.*  
So far as both aspects are concerned, and more especially the former, it is important in our interest that continuity of the responsibilities of the Director-General of IRO be transferred to some other U.N. or international official while preserving at the same time the provisions of the Five-Power Agreement. Though the responsibilities of the new migration agency may not squarely coincide with those of its predecessor IRC, and though a more persuasive case may be spelled out for the High Commissioner for Refugees as being the appropriate successor to the responsibilities here enumerated, I feel that it would be more useful from our point of view that this succession to the new migration agency because of Kingsley's friendly and useful disposition towards us and because of his greater influence with the three principal governments than the influence of the High Commissioner. However, representations must be made with the State Department to assure the continuity of the Five-Power Agreement under a successor to the IRC Director-General.

Jerome J. Jacobson

Jef  
cdr. Beckelman  
Mr. Katzki  
Mr. Levy  
Mr. Rice

SEPTEMBER 6, 1951

*Pen RO*

RECEIPTS FROM IRO ON ACCOUNT OF REPARATIONS & RESETTLEMENT

According to our records, we have received the following amounts from the above organization from its inception to date:

ON ACCOUNT OF REPARATIONS

<u>DATE</u>	<u>WHERE FUNDS WERE REC'D</u>	<u>LOCAL CURRENCY RECEIVED</u>	<u>SWEDISH KRONER EQUIVALENT</u>	<u>U.S.\$ EQUIVALENT</u>
<u>SWEDISH CROWNS ACCOUNT</u>				
11/47	France	FrFrs 41,584,158	1,260,000.00	350,000.00
	Sweden	SwKrs 719,998	719,998.00	200,000.00
12/47	U.S.A.	US\$ 100,000	360,000.00	100,000.00
	France	FrFrs 17,821,782	540,000.00	150,000.00
	France	FrFrs 29,702,970	900,000.00	250,000.00
	Sweden	SwKrs 1,620,000	1,620,000.00	450,000.00
			<u>5,399,998.00</u>	<u>1,500,000.00</u>
1/48	France	FrFrs 29,702,970	900,000.00	250,000.00
4/48	England	£ 125,000	1,813,500.00	503,750.00
5/48	Norway	NorKrs 307,649.90	223,200.00	62,000.00
	U.S.A.	US\$ 210,732	758,635.25	210,732.00
8/48	Sweden	SwKrs 500,000	500,000.00	138,888.90
11/48	Sweden	SwKrs 350,000	350,000.00	97,222.22
	France	FrFrs 6,000,000	68,598.70	19,055.19
12/48	Sweden	SwKrs 650,000	650,000.00	180,555.56
	Overall Exchange Variance		(3,006.90)	(835.00)
			<u>5,260,927.95</u>	<u>1,461,368.87</u>
1/49	France	FrFrs 1,500,000	17,149.68	4,763.80
2/49	"	" 3,047,917	34,847.20	9,706.74
4/49	"	" 11,897,917	136,030.30	37,891.44
7/49	Sweden	SwKrs 5,000,000.00	5,000,000.00	1,392,757.66
	" (SwKr 4,500,000) "	15% discount		(184,737.50)
12/49	"	"	500,000.00	96,525.10
			<u>5,688,027.18</u>	<u>1,356,907.24</u>
2/50	Sweden	SwKrs 500,000.00	500,000.00	96,525.09
7/50	France	FrFrs 67,114,094	1,000,000.00	191,754.55
8/50	Sweden	SwKrs	151,045.60	29,159.38
			<u>1,651,045.60</u>	<u>317,439.02</u>
2/51	Belgium	BFrs 1,700,000		34,000.00
2/51	Sweden	(part of Lit. 500,000,000)	321,159.00	62,000.00
2/51	U.S.A. (\$) " " "	" " "		192,000.00
3/51	France	FrFrs 18,734		48.98
				<u>288,048.98</u>

326287

<u>DATE</u>	<u>WHERE FUNDS WERE REC'D</u>	<u>LOCAL CURRENCY RECEIVED</u>	<u>SWEDISH KRONER EQUIVALENT</u>	<u>U.S. \$ EQUIVALENT</u>
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NON-MONETARY GOLD

2/48	U.S.A.	US\$	260,000	260,000.00 ✓
4/48	England	£	15,120	60,933.60 ✓
5/48	U.S.A.	US\$	89,268	89,268.00 ✓
11/48	U.S.A.	US\$	200,000	200,000.00 ✓
				<u>610,201.60</u>

4/49	U.S.A.	US\$	125,628.10	125,628.10 ✓
6/49	U.S.A.	US\$	97,613.24	97,613.24 ✓
6/49	Switzerland	SwFrS	4,447.90	1,038.58 ✓
6/49	England	£	320-10-2	1,282.03 ✓
10/49	U.S.A.	US\$	54,000	54,000.00 ✓
11/49	U.S.A.	US\$	39,186.88	39,186.88 ✓
11/49	U.S.A.	US\$	57,275.80	57,275.80 ✓
12/49	U.S.A.	US\$		10,830.31 ✓
				<u>386,854.94</u>

6/50	U.S.A.	US\$		7,308.00 ✓
12/50	U.S.A.	US\$		3,328.43 ✓
12/50	U.S.A.	US\$	FF 24,773.00	62.17 ✓
				<u>10,698.60</u>

1/51	U.S.A.	US\$		3,063.23 ✓
3/51	Switzerland	SwFrS	127.65	29.69 ✓
8/51	U.S.A.	US\$		12,000.00 ✓
10/51				15,092.92 ✓
				<u>17.73</u>

SWISS REPARATIONS

7/48	Switzerland	SwFrS	7,200,000	1,674,117.70 ✓
3/50	Switzerland	SwFrS	241,200	56,320.20 ✓

ON ACCOUNT OF RESETTLEMENT

<u>DATE</u>	<u>WHERE FUNDS WERE RECEIVED</u>	<u>U.S. \$ AMOUNT</u>
1/48	New York	500,000.00 ✓
5/48	New York	250,000.00 ✓
	Shanghai	10,000.00 ✓
6/48	Shanghai	10,000.00 ✓
7/48	New York	300,000.00 ✓
	Shanghai	2,500.00 ✓
8/48	Shanghai	15,000.00 ✓
9/48	Shanghai	20,000.00 ✓
10/48	Shanghai	20,000.00 ✓
	New York	350,000.00 ✓
11/48	New York	200,000.00 ✓
12/48	Hungary (12,500 equiv Hung For 587,000)	50,375.00 ✓
	Spain (12,250 equiv Sp Pes 148,927.50)	9,067.50 ✓
		<u>1,736,942.50</u>

1,736,942.50  
1,736,942.50  
7237

326288

<u>DATE</u>	<u>WHERE FUNDS WERE RECEIVED</u>	<u>U.S. \$ AMOUNT</u>
1/49	Spain (Sp Pes 337,200)	13,488.00 ✓
2/49	New York	200,000.00 ✓
	New York (Israel Emigration)	2,000,000.00
4/49	New York " "	2,000,000.00
5/49	New York	200,000.00 ✓
	New York (Israel Emigration)	1,000,000.00
6/49	Spain (76,239-3-8 equiv Sp Pes 628,597.70)	24,956.73 ✓
7/49	New York	135,000.00 ✓
8/49	Hongkong (77,700 equiv HK\$ 123,457.20)	30,800.00
10/49	New York (Israel Emigration)	1,000,000.00
11/49	New York " "	1,000,000.00
		<u>7,604,244.73</u>
10/49	France (FrFrs 47,250,000 - Acclt #6485)	135,000.00 ✓
11/49	New York (Austria Summer Camps)	1,500.00
11/49	Chase Bank (Shanghai - Hongkong) N.Y.	10,691.10
11/49	Reimburs. Shanghai - Isr. flights	99,300.00
11/49	" Tientsin Evacuation	80,325.00
11/49	" Shanghai-Canada flights	56,400.00
12/49	Adj. Exchange Variance J F 2258	(11,550.00)
		<u>7,975,910.83</u> <i>correct</i>
1/50	New York (Israel Emigration)	1,000,000.00
2/50	New York	90,000.00 ✓
3/50	New York	1,367.70 <i>N.Y. only</i>
4/50	Amsterdam	30,000.00 ✓
4/50	Amsterdam	62,000.00 ✓
3/50	London 750,000.--	140,000.00 ✓
6/50	London 730,000.--	84,000.00 ✓
6/50	New York	85,543.75 <i>N.Y. only</i>
7/50	New York	217,899.04 ✓
8/50	New York	16,414.00 <i>N.Y. only</i>
8/50	France (Israel Emigration)	250,000.00
9/50	New York	40,695.00 <i>N.Y. only</i>
9/50	New York	72,407.87 ✓
10/50	France (FrFrs <sup>175,000,000</sup> 17,500,000) Israel Emigration	500,000.00
10/50	New York	1,717.50 <i>N.Y. only</i>
10/50	New York	430.00 <i>N.Y. only</i>
11/50	New York - Israel Emigration	500,000.00
11/50	New York - Israel Emigration	250,000.00
10/50	Israel (NK 4,000,000) Israel Emigration	490,000.00 <i>503,494.00</i>
12/50	New York	59,346.79 ✓
		<u>3,891,821.65</u>
3/50	Hongkong-Lydd	26,675.00 <i>N.Y. only</i>
4/50	Tientsin-Lydd	2,200.00 <i>N.Y. only</i>
5/50	Shanghai-Lydd	60,277.50 <i>N.Y. only</i>
		<u>3,980,974.15</u> <i>total</i>
1/51	New York	31,024.16 ✓
2/51	New York	36,900.00
3/51	New York - Israel Emigration	200,000.00 ✓
4/51	New York	612.61
4/51	London	9,985.50
5/51	London - Israel Emigration	46,000.00
5/51	Copenhagen - Israel Emigration	214,000.00
7/51	New York	50,000.00 ✓
		<u>588,522.27</u>

9/51 *NEW YORK*

326289

*W 000*

DATE      WHERE FUNDS WERE RECEIVED

U.S.\$ AMOUNT

OTHER INCOME

6/50	New York	200,000.00
6/50	New York (Medical Supplies)	<u>3,565.90</u>
		203,565.90
1/51	Spain	2,842.00
3/51	Spain	<u>3,158.00</u>
		6,000.00

HARDCORE AGREEMENT

4/51	New York	1,500,000.00
7/51	New York	<u>500,000.00</u>
		2,000,000.00

SUMMARY:

REPARATIONS

1947	SK 5,399,998.00	\$1,500,000.00
1948	" 5,260,927.95	1,461,368.87
1949	" 5,688,027.18	1,356,907.24
1950	" 1,651,045.60	317,439.02
1951	<del>77,888,898.73</del>	<u>288,048.98</u>

4,923,764.11

NON-MONETARY GOLD

1948		\$ 610,201.60
1949		386,854.94
1950		10,698.60
1951		<u>15,092.92</u>

1,022,848.06

SWISS REPARATIONS

1948		\$1,694,117.70
1950		<u>56,320.20</u>

1,750,437.90

Total Reparations

7,697,050.07

RESETTLEMENT

1948		\$1,736,942.50
1949	(Isr. Migr. \$7,000,000.)	7,975,910.83
1950	( " " 2,990,000.)	3,980,974.15
1951	( " " 460,000.)	<u>588,522.27</u>

14,282,349.75

2,000,000.00

209,565.90

HARDCORE AGREEMENT

OTHER INCOME

TOTAL RECEIPTS FROM IRO

\$24,188,965.72

AMERICAN JOINT DISTRIBUTION COMMITTEE

PARIS

April 2, 1951

Paris Letter No. 5187

To: Mr. Moses A. Leavitt  
American Joint Distribution Committee, NEW YORK

GEN. IRO

Re: Hard Core Agreement IRO-JDC

I am sending you herewith three copies of the text of the Agreement between IRO-JDC covering hard core cases, together with the letter from Mr. Adler Rudel as representative of the Government of Israel, to IRO. I also enclose a copy of the letter which I have sent to the JDC offices in Germany, Austria and Italy, accompanying a copy of the Agreement. Please note that it has been agreed that no publicity is to be given to this agreement for the time being and until a joint committee has been prepared and approved by IRO, JDC and the Government of Israel for the event that a release is later decided upon. If such a release is decided upon the "lead" will undoubtedly be paragraph 2. of the enclosed Agreement.

In addition to the Agreement we are to receive shortly a covering letter from Mr. Kingsley bearing upon paragraph 1.(a) and paragraph 9. of the Agreement. With respect to paragraph 1.(a) we shall receive a statement from IRO indicating the countries with which IRO has already made agreements calling upon the governments of those countries to take responsibility for hard core cases in the country (e.g. France, Belgium, Switzerland) and the nature of the responsibilities assumed by the government so that they may be protected against claims by such governments upon JDC in the event that they should try to foist care and maintenance responsibilities upon us because of our agreement with IRO.

With respect to paragraph 9. of the Agreement, the letter from Mr. Kingsley will stipulate that the phrase "obligations of the organization towards eligible Jewish refugees" does not preclude continued logistical support of the type which JDC as an organization is now receiving from IRO in Germany, nor any lump sum grant at a later date which IRO may make to voluntary agencies in lieu of continuing such logistical support.

I might add further that the phrase in paragraph 9. "within the existing policies of the organization and its anticipated resources and period of operation" is intended to leave open the possibility of a further approach by JDC to IRO in the event that IRO'S life is extended beyond the present anticipated operational period, or if it should receive additional grants of funds from governments. Furthermore, if the IRO should change its present policy of not making any grants to anyone for the permanent establishment of institutional hard core cases within Germany and should, on the contrary, make such grants at a later date in its operations, we would then be entitled to present a claim on behalf of the Jewish population of Berlin, most of whom will presumably be remaining in Germany.

326291

Mr. Moses A. Leavitt  
AJDC NEW YORK

-2-

April 2, 1951

You will also be interested to know that steps have already been initiated to make the count of 3,500 cases mentioned in paragraph 4.(c). We have submitted to IRO a nominal roll of the cases claimed by us in Germany. A sample of 500 names is being selected from the nominal roll and will be checked by IRO in consultation with JDC in Germany within the next month to six weeks. On the basis of the total figures submitted I estimate that we need acceptance of between 30 and 40 per cent of this sample as being eligible in order to prove our 3,500 persons.

M.W. BECKELMAN

MWB/fo  
Encl:  
cc: Mr. Passman

P.S. I shall be writing you separately about the text of the draft agreement between JDC and Malben on the one hand and the Government of Israel on the other. Mr. Passman has sent us a draft text of this which we are now studying. I expect to be writing him on it today or tomorrow and shall send you a copy of that draft agreement as well as a copy of our comments to Mr. Passman.

326292

Geneva, 28 March 1951

Dear Mr. Kingsley,

On behalf of the Government of Israel, I wish to confirm that I have reviewed the agreement concluded today between the International Refugee Organization and the American Joint Distribution Committee concerning the remaining Jewish Institutional Hard Core case load.

I am pleased to inform you that, insofar as the agreement relates to the Government of Israel, the Government agrees to accept in Israel all those eligible Institutional Hard Core cases referred to in Paragraph 5 of your agreement with AJDC, who indicate the desire to be permanently resettled in Israel. This will of course be implemented as rapidly as our facilities and conditions permit.

I wish further to confirm that the Government of Israel will through separate agreement with the AJDC arrange for contribution to the Government of Israel for the acceptance of Jewish Hard Core Cases as contemplated in Paragraph 5 of your agreement with AJDC.

I take this opportunity to express to you the appreciation of my Government as well as my personal appreciation for the earnest and humanitarian manner in which you have striven to provide a solution for the remaining Jewish Institutional Hard Core Cases.

Very sincerely yours,

Shalom Adler-Rudel

Mr. J. Donald Kingsley  
Director-General  
International Refugee Organization  
Geneva.

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AGREEMENT BETWEEN THE INTERNATIONAL REFUGEE ORGANIZATION  
AND THE AMERICAN JOINT DISTRIBUTION COMMITTEE

The International Refugee Organization (hereinafter referred to as "the Organization") and the American Joint Distribution Committee (hereinafter referred to as "the Committee") hereby agree as follows:

1. The Committee shall assume, within the limits of its resources and for as long as it shall remain in operation, full responsibility for the total Institutional Hard Core case-load of eligible Jewish Refugees who are currently in areas of the Organization's operations for so long as these cases require care, or until such time as they have been permanently and satisfactorily established under other auspices.

PROVIDED THAT:

- (a) The foregoing undertaking by the Committee shall not extend to areas in which the Organization has agreements providing for the care of all Institutional Hard Core cases;
- (b) The Organization will, in accordance with its established policies and during its life-time, continue to provide care and maintenance for all Jewish Institutional Hard Core cases now receiving, and entitled to, such care and maintenance, until they are finally established;
- (c) The Organization will provide, during its life-time, transportation to final destination for Jewish Institutional Hard Core cases not covered by the exchange of letters between the Organization and the Committee of November 6 and November 10, 1950.

326294

2. The Organization and the Committee collectively recognize, in the light of past events, that Germany is not a country in which Jewish Institutional Hard Core cases can be satisfactorily settled, and that all such cases who are willing to leave should be resettled elsewhere. Accordingly, the Committee agrees, in return for the obligations accepted by the Organization under the terms of this Agreement, to undertake the resettlement outside Germany of all Institutional Hard Core cases who are now in that country and are willing to leave.

3. Furthermore, the Committee will use its best efforts to provide resettlement opportunities for all Jewish Institutional Hard Core cases within the mandate of the Organization who are now in Austria or Italy and who desire resettlement in Israel or elsewhere.

PROVIDED THAT: The Organization will use its best efforts to ensure that any eligible Jewish Institutional Hard Core refugees who are in Italy and have not been resettled elsewhere by the end of the Organization's operations and who come within the terms of the Supplementary Agreement between the Organization and the Government of Italy, dated November 14, 1950, shall participate proportionately in the maintenance grants which the Italian Government have undertaken to make under the terms of that Agreement.

4. The Organization will make payments to the Committee in accordance with its established policies, as follows:

- (a) an immediate payment of \$1,500,000;
- (b) on July 1, 1951, a payment of \$500,000;
- (c) on October 1, 1951, a payment of \$1,000,000.

The payment under sub-paragraph (c) is subject to the Organization being satisfied, prior to October 1, 1951, that

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there are among the Jewish Refugees in the Organization's areas of operation who have not yet been finally resettled prior to the date of this Agreement, including these at present classified by the Organization and the persons who have been accepted by Israel after October 1, 1950, such additional persons within the meaning of the definitions in the letter of the Director-General to the Voluntary Agencies, dated February 1950, as will bring the total active case-load to at least 3,500. Should the Organization not be satisfied on this score, the matter of the third instalment shall be subject to further discussions between the Organization and the Committee. The foregoing grants, together with the other financial obligations accepted by the Organization under the terms of this Agreement, shall be regarded as a final grant towards the continued care of eligible Jewish Institutional Hard Core refugees and as in lieu of any expenditure in Germany or elsewhere for the creation of institutions for the care of such persons, or for any other purposes related to the care of such persons, and shall be accepted as a final and global settlement of all past or prospective claims on behalf of eligible Jewish refugees who are, or may be, classified as Institutional Hard Core either under the terms of the Organization's Operational Manual or under those outlined in the Director-General's appeal to Voluntary Agencies, dated February 1950.

5. To facilitate the implementation of this Agreement, the Government of Israel has agreed, and will confirm its agreement in a separate statement which will be attached hereto, to accept in Israel all those Institutional Hard Core cases who indicate their desire to be permanently resettled in Israel. In consideration of the financial settlement agreed upon in this Agreement the Committee undertakes to satisfy by separate negotiations

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with the Israel Government any claims of the Israeli Government in respect of the acceptance of Jewish Institutional Hard Core cases in Israel.

6. Nothing in this Agreement is intended to prevent or prejudice the right of Jewish Institutional Hard Core cases to such assistance as they may be entitled to receive under public welfare or other provisions or from other international organizations.

7. In view of the overall responsibility accepted by the Committee for the total Jewish Institutional Hard Core case-load under this Agreement, which is admittedly in excess of the Organization's contribution, the Committee does not assume any obligation to pay cash grants to, or make other settlements with, individual Jewish Institutional Hard Core cases for whom provision is made under this Agreement.

8. The Committee undertakes to assist, out of the funds provided by the Organization under the terms of this Agreement, the Agencies which the Committee represents, or is associated with, in the resettlement or local settlement of Institutional Hard Core cases to which this Agreement applies. The Committee will also take into consideration the activities of other Jewish Resettlement Agencies now working internationally with the Organization by agreement, and will assist them to the extent feasible in respect of Institutional Hard Core cases to which this Agreement applies and for which they are able to provide satisfactory resettlement and care. All the financial or other co-operative arrangements referred to above will be entirely at the discretion of the Committee.

9. This Agreement and the Agreement between the Organizations and the Committee on resettlement, now under discussion shall, when completed, constitute a complete and final settlement of the

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obligations of the Organization towards eligible Jewish Refugees within the existing policies of the Organization and its anticipated resources and period of operation.

(agd.) M.W. BECKELMAN, Director-General, American Joint Distribution Committee  
28/III/1951

(agd.) J. DONALD KINGSLEY, Director-General, International Refugee Organization  
28/3/51

March, 1951

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